



Audit & Compliance Committee

June 2024

June 13, 2024

8:00 AM

Boardroom, McNamara Alumni Center

AUD - JUN 2024

1. Identity and Access Management (IAM) Collaborative Assessment Implementation Update

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BOARD OF REGENTS DOCKET ITEM SUMMARY

Audit & Compliance

June 13, 2024

AGENDA ITEM: Identity and Access Management (IAM) Collaborative Assessment Implementation Update

Review

Review + Action

Action

Discussion

This is a report required by Board policy.

PRESENTERS: Bernard Gulachek, Vice President and Chief Information Officer
Nathan Kufner, Senior Director for Identity & Access Management

PURPOSE & KEY POINTS

The purpose of this item is to provide an update on the Identity and Access Management (IAM) program as an outcome of the collaborative assessment completed in June 2020. The IAM collaborative assessment identified critical risks and this item will provide insight into mitigation strategies, timelines, and some of the key management decisions required to address these risks.

The discussion will:

- Include a brief overview of the collaborative process used.
- Summarize the results.
- Provide an update on the mitigation process to date.
- Share a forecast of imminent risk mitigation activities that will occur before the end of the calendar year.

BACKGROUND INFORMATION

The collaborative assessment was a new audit approach piloted by the Office of Internal Audit in FY 2020. It is used to identify and assess risks and mitigation strategies associated with University processes where there is general agreement with management prior to the audit that a high level of risk exists.

The IAM program was originally forecasted to be a three- to five-year effort. Written updates to the committee on IAM remediation efforts have been provided as part of regular Internal Audit activity updates since October 2020 with the most recent update provided in February 2024. The last presentation to the committee on this subject was provided in May 2023. This is expected to be the last update prior to the Office of Internal Audit beginning an audit of IAM in calendar year 2025.

Collaborative Assessment Status Update

Overview

In response to the 2019 Identity and Access Management (IAM) Collaborative assessment, the IAM department was established and charged with driving progress for the 25 findings identified within the assessment. Since that time, the IAM culture within the University has matured due to many forces, including the University's Positioned for Excellence, Alignment, and Knowledge (PEAK) initiative, programs such as Enterprise Data Management and Reporting (EDMR) process, fresh perspectives from new leadership across the institution, and the efforts of the IAM department. Despite these driving forces, there are institution-wide headwinds to acknowledge as progress is made.

Key Challenges

The primary challenge is a dependency on other programs. While the IAM department is accountable for delivering progress on the findings within the assessment, many, such as "Accountability, Roles & Responsibilities," requires significant collaboration with other departments to establish ownership of operational and technical aspects of University Information Technology systems. The PEAK initiative is a critical strategic enabler of progress on this issue, but PEAK is a considerable effort that will require substantial time to mature and scale.

The second key issue is that the finding "IAM Team Staffing" impacts the performance of the IAM department for 17 of the 25 findings. Further, this is a challenge shared across the University well beyond the scope of the collaborative assessment. While the collaborative assessment and PEAK are complementary, they will also compete for resources shared across both initiatives.

Progress

The IAM Program has delivered progress on reducing the risk associated with the findings identified below.

Business and Operational Requirements

The IAM department is addressing staffing challenges through strategic management of attrition. The department's focus is to efficiently use the IAM budget by hiring based on potential and leveraging training which helps keep critical IAM positions competitive while yielding more IAM positions than backfills could provide. Another necessary differentiation for the IAM staffing strategy is the focus on long-term future competencies relevant to the future of IAM rather than focusing on replacing existing skill sets.

Criteria for Deprovisioning

In the area of criteria for deprovisioning, the IAM Program has collaborated with OHR and ASR to align the IT system data that identifies active students and staff. This work will allow the University

to determine when a person is no longer associated with the institution, even in complex cases where someone holds multiple affiliations such as student, alumni, and staff. These requirements have allowed IAM to create automated business rules that remove technology access at the right time, even if a person's affiliation is multifaceted. This change has been implemented, and the University has taken a significant step forward in defining its business needs for all accounts.

The IAM Program has also established more stringent business requirements for those who interact with Protected Health Information for their work or education. The need to adhere to compliance drove a separate set of business rules that further protect patients, their data, and the University.

Access Termination

Access termination has been advanced through the changes implemented in 2022 that shortened the extended access for former employees. Additionally, IAM has developed and documented a manual emergency termination process that can help bring more predictability to urgent account terminations while the technology automation is developed.

The effort required to understand when technologies such as email could be removed from an account also led to a deeper understanding of when there is no longer a business need for an individual's account. By December 2024, the University will have business rules in place for all students, staff, and contractors that will allow us to remove accounts that no longer have a business need. This is a critical step for the University to govern who has access to our systems and to govern the appropriate use and licensing of our technology.



the **Right** access
for the **Right** person
at the **Right** time

Identity & Access Management

Collaborative Assessment Update

June 2024



UNIVERSITY OF MINNESOTA

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Agenda

Overview

Progress

Results

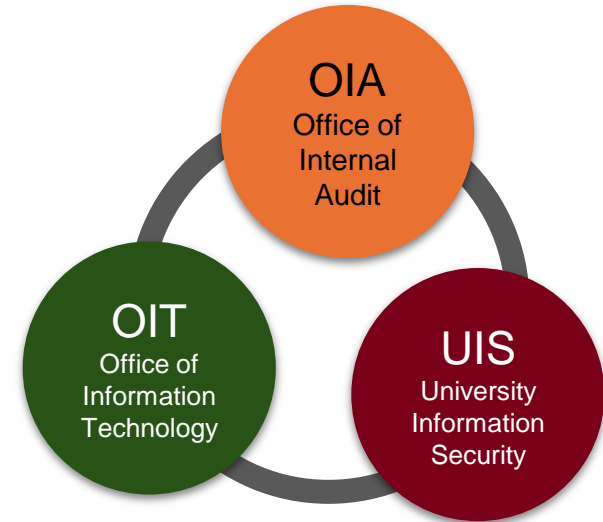
Challenges

Planned Work



Collaborative Assessment: Background

- Non-standard audit assurance engagement
- Observations, risk assessment, and mitigation strategies developed jointly with management
- IAM pilot – University-wide review (June 2020)
- Remediation follow-up
 - Periodic updates on remediation provided by management to the committee
 - OIA collaborate on mitigation steps and perform ongoing remediation assessments



IAM Assessment Results

16 of 25 components reviewed were originally agreed to be high risk

IAM Strategy and Governance

12 Criteria for deprovisioning

14 Business and Operational Requirements

10 Security Awareness

1 IAM Strategy

15 Authorization Criteria for new users

11 Identity Source Upkeep

2 Accountability, Roles and Responsibilities

9 Security Principle

5 IAM Risk Awareness

3 IAM Team Staffing

4 IAM Policies and Procedures

13 Technology Sustainability

6 IAM System Classification

7 IAM Metrics and reporting

8 IAM Nomenclature

IAM Operations

20 Access Termination

19 Role/Group Management

21 Management Non-standard and 3rd party Accounts

22 Periodic Account and Role/Group Certifications

16 Access Request Approvals

18 Employee Transfer

23 Shared Accounts

17 Unified Request Process

25 Access Monitoring

24 Access Logging

Assessment: Last Year

12 of 25 components were considered high risk

IAM Strategy and Governance

12 Criteria for deprovisioning

14 Business and Operational Requirements

10 Security Awareness

1 IAM Strategy

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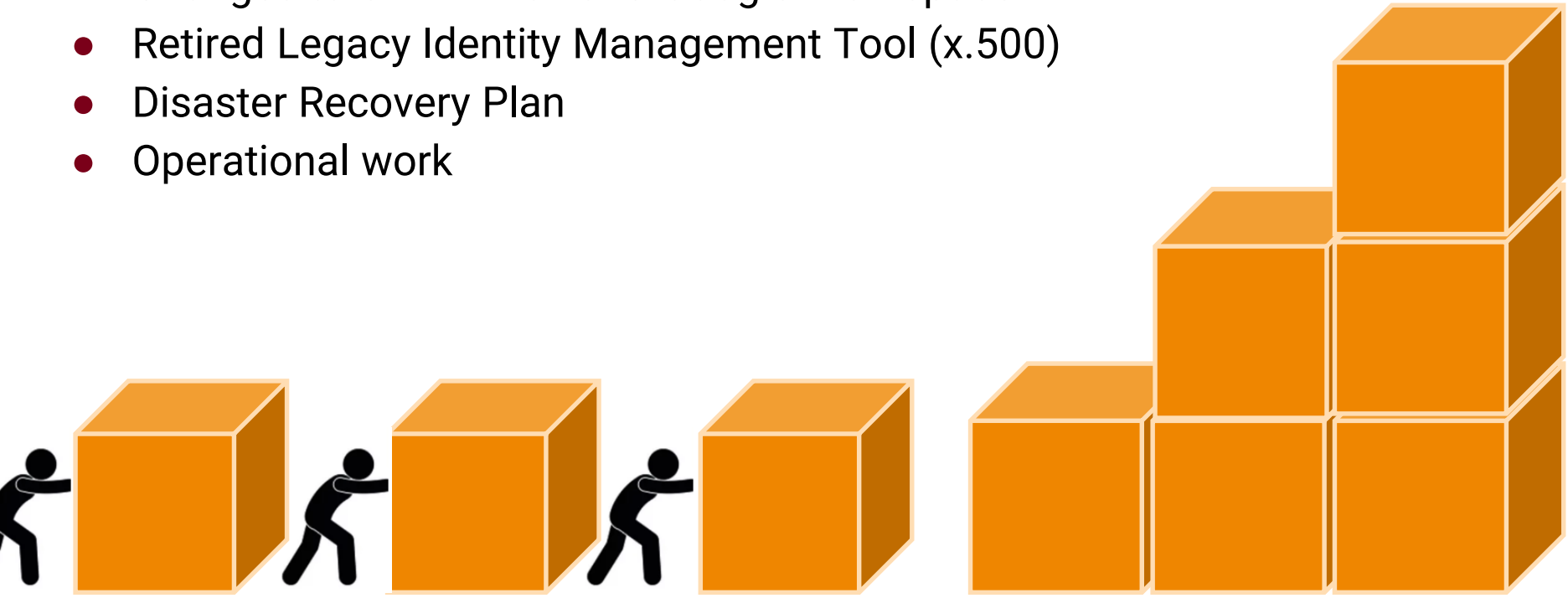
17 Unified Request Process

25 Access Monitoring

24 Access Logging

Progress

- Changes to UMN Email and Google Workspace
- Retired Legacy Identity Management Tool (x.500)
- Disaster Recovery Plan
- Operational work



Assessment: 2025 Final Status

4 of 25 components reviewed remain high risk

IAM Strategy and Governance

12 Criteria for deprovisioning

14 Business and Operational Requirements

10 Security Awareness

1 IAM Strategy

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Challenges



**People Change
Management**

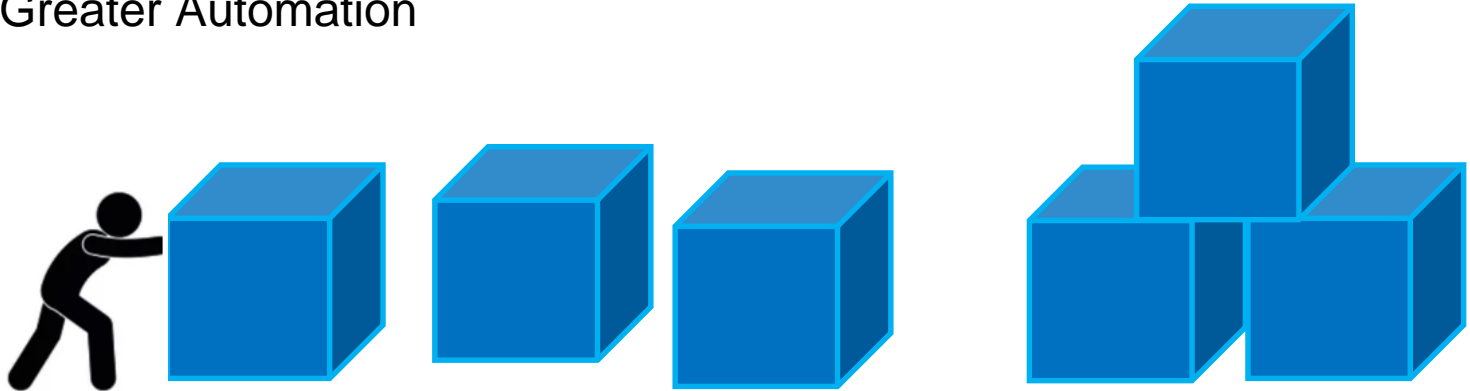
**New Business
Process
Development**

**Cross-Unit
Collaboration
Dependencies**

- Access Management
- Information Security
- Identity Tool Replacement
- Operational Work

Planned Remediation Work

- Access Management
 - Shared Accounts
 - Least Privilege
 - Access Termination
- Identity Tool Replacement
 - Necessary Modernization of Technology
 - Greater Automation



Questions?





BOARD OF REGENTS DOCKET ITEM SUMMARY

Audit & Compliance

June 13, 2024

AGENDA ITEM: Internal Audit Update

Review

Review + Action

Action

Discussion

This is a report required by Board policy.

PRESENTERS: Quinn Gaalsyk, Chief Auditor

PURPOSE & KEY POINTS

The purpose of this item is to update the committee on Internal Audit activities, results, and observations to help the committee fulfill its fiduciary responsibilities under the Board’s reserved authority for oversight of the internal audit function.

- Since the last follow-up at the February 2024 meeting, 34 percent of the outstanding recommendations rated as “essential” were resolved by University departments. This is lower than the expected implementation rate of 40 percent and a decrease from February’s 37 percent rate. However, approximately 53 percent of the outstanding items are from more recent audits receiving first-time follow-up. Of the unresolved outstanding recommendations rated as “essential,” 32percent are past due (a decrease from the 57percent past due in February). Senior leadership is aware of this slightly lower implementation rate and continues to monitor and seek ways to expedite remediation efforts.
- All outstanding “essential” recommendations were resolved for three audits.
- Five “essential” items identified in four audits have remained open for more than two years; additional details on these items and the status of their remediation are included in the docket.
- An updated control evaluation chart is included for each audit to show progress made on remediation of “essential” items.
- Ten audit reports containing 17 recommendations rated as “essential” were issued in the last four months.
- Other summary information important to the committee for its oversight of the internal audit function is also included.

BACKGROUND INFORMATION

This report is prepared three times per year and is presented to the committee as required by Board of Regents Policy: *Board Operations and Agenda Guidelines*, Section IV, Subd. 4. Audit & Compliance Committee Charter.

Internal Audit Update

University of Minnesota Regents Audit and Compliance Committee
June 13, 2024

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 2024
- SNAP Review Summary
- Recommendations with Remediation Plans that Involve PEAK

Details for any of the items in this report are available on request. Individual reports were sent to the President, SVP for Finance and Operations, Provost, UMTC Athletic Director, Vice Presidents, and Chancellors about the items in this report germane to their areas.

Audit Observations/Information

Status of Critical Measures

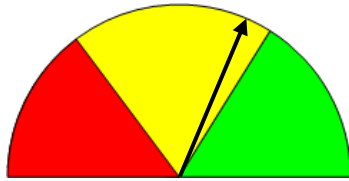
As part of our ongoing efforts to provide the Audit and Compliance Committee with critical information in as concise a format as possible, we have developed the following charts to present a quick overview of work performed by the Office of Internal Audit.

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 report.

The second chart, entitled “Progress on Audit Plan and Other Assurance Work” is our assessment of the amount of time we have been able to devote to planned audit work. This assessment includes our progress on completion of carryover audits from FY 2023, Tier 1 audits on the FY 2024 audit plan, and Tier 2 audits or their substitutes. Readings less than green could be influenced by a variety of factors (e.g., insufficient staff resources; or increased time spent on non-scheduled audits or investigations).

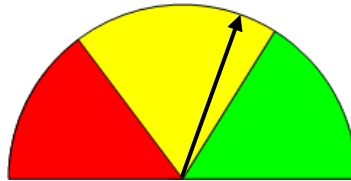
The final chart, “Time Spent on Non-Scheduled Audit Activities,” provides a status report on the amount of time consumed by investigative activities, special projects, and other management requests. We estimate a budget for this type of work, and the chart will indicate whether we expect that budget 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



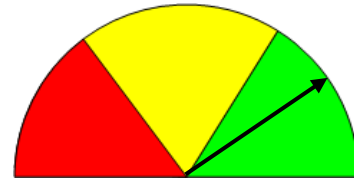
Implementation rates were 34% for the period, which is lower than our expected rate of 40% and a decrease from February's 37% rate.¹

Progress on Audit Plan & Other Assurance Work



Progress on audit plan and other assurance audit work is slightly behind expectations.²

Time Spent on Non-Scheduled Audit Activities



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

¹Approximately 53% of the outstanding items are from more recent audits receiving first time follow-up, and 32% of the outstanding issues are past management's planned remediation date (a drop from 57% last period).

²We trended slightly behind our original FY 2024 audit plan schedule due to some FY 2023 carryforward audits taking longer than expected and staff turnover and hiring. Despite these challenges, we still completed or initiated all but one Tier 2 audit. The Tier 2 Student Affairs Care Team audit will be deferred to FY 2025. As communicated at the February Committee meeting, one Tier 2 audit from the Audit Plan, Minnesota Supercomputing Institute (MSI), was replaced to reallocate IT audit resources to perform an audit of the management of data stored in centralized repositories.

Other items:

- Internal Audit Staffing Update - The Office of Internal Audit has two vacant auditor positions, which includes one financial auditor and one IT auditor position; we are actively recruiting for these positions. When fully staffed we have 16 auditors in addition to the Chief Auditor.

Status of Essential Recommendations

Report#	Audit Name	Open Recs - Past Due	Number of Essential Recs (Report)	Status (Follow-up Period)	Legend		
					Past Due	On-Schedule	Complete
1919	UMD Fine Arts, School of FY19	1	7	Partially Implemented	1		
2106	University Health & Safety FY21	1	10	Partially Implemented	1		
2127	UMD HR FY21	1	4	Completed		1	
				Partially Implemented	1		
2205	Dentistry, School of FY22	2	27	Completed		1	
				Partially Implemented	2		
2301	Energy Management FY23	1	19	Completed			4
				Partially Implemented	1	1	
2305	Veterinary Medical Center FY23	0	12	Completed		2	
2312	CUHCC FY23	1	12	Partially Implemented	1		
2313	M&W Golf,W Gymnastics,W Tennis Compliance&Ops FY23	1	2	Partially Implemented	1		
2314	UMNTC Recreation & Wellness Center FY23	0	9	Completed			4
2315	UMD ITSS FY23	0	12	Completed		2	
				Not Implemented		2	
				Partially Implemented			4
2317	Bell Museum FY23	2	12	Completed		2	
				Partially Implemented	2	1	
2322	UMD Dining Services FY23	2	6	Completed			3
				Partially Implemented	2		
2325	Boynton Health FY23	4	20	Completed			7
				Not Implemented		2	
				Partially Implemented	4	1	
2405	Aerospace Engineering & Mechanics FY24	0	2	Completed		1	
2408	M&W Track&Field & CrossCountry Compliance&Ops FY24	0	1	Not Implemented		1	
2410	OIT Central Server Administration FY24	1	12	Completed		1	
				Not Implemented			8
				Partially Implemented	1	2	
2411	NXT GEN MED FY24	0	2	Not Implemented		2	
2412	UMD Athletics FY24	1	14	Not Implemented			11
				Partially Implemented	1	2	
2413	Gramm-Leach-Bliley Act Compliance FY24	0	3	Completed		1	
				Partially Implemented		2	

Essential Recommendation Implementation Rates

	Current Period	Month / Year of Follow Up Report									Previous 3 Yr. Average
	Jun. 2024	Feb. 2024	Oct. 2023	Jun. 2023	Feb. 2023	Oct. 2022	Jun. 2022	Feb. 2022	Oct. 2021	Jun. 2021	
Total Recommendations	86	86	96	97	76	59	62	87	66	86	-
Completed Recommendations	29	32	36	34	14	26	18	28	24	34	-
Implementation Rate	34%	37%	38%	35%	18%	44%	29%	32%	36%	40%	34%
Open Recommendations Past Due	32%	57%	55%	40%	48%	45%	41%	42%	76%	62%	52%

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

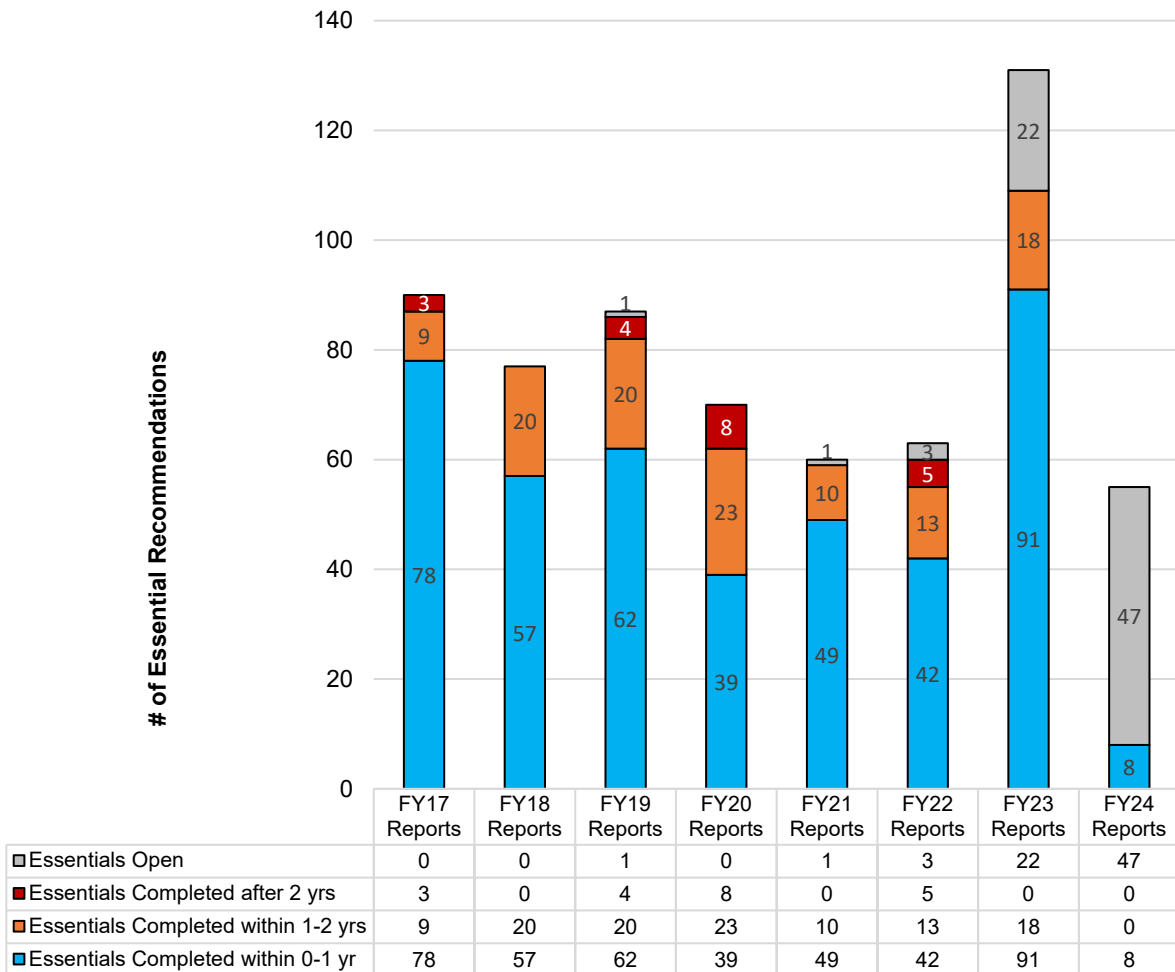
Audit/Report Date	Status- Partially Implemented or Not Implemented	Responsible Administrator	Summary of the Issue/Risk Involved	Current Comments From Management
UMN Duluth Fine Arts March 2019 # of Items: 1	Partially Implemented	Jeremy Youde	Tweed management should improve inventory and valuation records for its art collection. Specifically, Tweed should: <ul style="list-style-type: none"> · 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. 	UMD College of Arts, Humanities, and Social Sciences (CAHSS) (i.e., the college formed from the merger of UMD School of Fine Arts and UMD College of Liberal Arts) efforts to complete a physical inventory of the Tweed Museum's collections were initially hindered by a lack of resources and the COVID-19 pandemic. The inventory process has been underway since November 2023. The Tweed Museum has catalogued over 10,700 items, with just a few hundred items remaining. CAHSS leadership expects the inventory to be complete by the end of June 2024. A new director for the Tweed Museum will begin in June 2024 and will be tasked with developing a plan for periodic inventories and appraisals.
University Health and Safety Sept 2020 # of Items: 1	Partially Implemented	Katharine Bonneson	UHS and University management should consider establishing UHS as the central authority for University safety training. The central health and safety training authority would be responsible for: <ul style="list-style-type: none"> · Ensuring an accurate and complete course listing. · Tracking course completion and follow-up centrally. · Reviewing and approving the University safety training program periodically to ensure sufficient coverage and oversight. 	Training Audit: A Health Safety and Risk Management (HSRM) Safety Training Centralization Project was chartered in November 2022 and the project began in January 2023. Project scope was defined as: <ul style="list-style-type: none"> -Verifying the current offering of general required safety courses provided by HSRM. -Identifying safety training requirements -Identifying pain points and improvement opportunities along with an implementation plan. -Engaging a vendor to audit safety training to ensure that HSRM courses are meeting regulatory and University requirements and best practices. <p>A request for proposal (RFP) for a safety training audit was issued in September 2023. A vendor has been selected, and work is underway with 5 courses complete and 9 more in progress.</p> <p>Training Tool Development: The second part of this project is the development of a training tool that allows assignment, tracking and monitoring of the required training courses. The Health Sciences Technology (HST) team engaged in September 2023 as the project developer. The goal is to modify their Clinical & Translational Science Institute Training tool to allow for similar functionality for safety training. A gap analysis has been completed, with unique project needs identified and the HSRM team has completed the mapping of employee safety training assignments to questions that a supervisor or employee would answer regarding a new or transferred employee's job duties. Development has been paused while the team is in discussions with OIT to integrate our Training Needs Assessment with the Training Hub to track course completion. This proposed integration will streamline the user experience process by eliminating the confusing process of having to jump back and forth between tools. Depending on the outcome of these discussions, this would become an enterprise tool that others in the University can also use for required safety training. HSRM may need to adjust scope to allow for the flexibility needed for other University departments' needs.</p> <p>Timeline: Safety Training Audit began in March of 2024. We are making good progress with the vendor and their work is estimated to be done by December 31, 2024. HSRM Safety Training Need Assessment development is estimated to be complete by Spring 2025. This date is dependent on HST availability for development as well as decisions on integration to the Training Hub by OIT.</p> <p>Obstacles that could prevent progress include HSRM reliance on support and collaboration from multiple departments, including OIT, OHR, Purchasing, etc. Resource limitations could also impede progress as the contract cost has not been negotiated and system development costs could exceed budgeted amounts due to any unforeseen circumstances.</p>

Audit/Report Date	Status- Partially Implemented or Not Implemented	Responsible Administrator	Summary of the Issue/Risk Involved	Current Comments From Management
UMN Duluth Department of Human Resources August 2021 # of Items: 1	Partially Implemented	Lindsey Klegstad & Kayleigh Karppinen	UMD HR should collaborate with OHR and UMN Duluth units to define and formally document service level expectations, roles, responsibilities, and resource allocations for HR/payroll functions (i.e., OHR, UMD HR, and UMN Duluth units and/or DL expectations). UMD HR should also work to leverage results from the PEAK initiative to identify areas where HR services can be further standardized and/or consolidated to increase consistency, improve efficiency and reduce the number of users with access to critical HR systems and data.	While this recommendation is over 2 years outstanding, the nature of this recommendation and its alignment with the PEAK initiative explains why work surrounding this recommendation is still developing. Now that go-live for Phase 1 of PEAK has occurred and UMD HR has begun a pilot program to reassign and clarify HR roles, they are closer to redesigning local level duties. As the pilot program progresses and expands to additional UMD units, UMD HR will continue updating its catalog of duties and related process documentation.
School of Dentistry (SOD) Sept 2021 # of Items: 2	Partially Implemented	Dr. Keith Mays	SOD should improve processes for collecting on outstanding receivables to minimize exposure from uncollectible receivables and to increase the integrity of the financial statements. SOD should work with the external service provider to ensure A/R processes are complete, timely, and adequate follow-up is occurring.	The School of Dentistry continues to work diligently towards closing out the remaining two (of 27) essential audit recommendations from its 2021 internal audit. Stabilized staffing levels in key areas related to the remaining open items and newly implemented technologies are supporting processes required to execute standard operations. In January, a third party vendor began work to decrease the school's outstanding accounts receivable, which initially yielded meeting predetermined benchmarks ahead of schedule. When the school's clearing house, Healthcare Exchange, experienced a data breach in March our progress slowed. Since establishing a new clearing house relationship, the school in partnership with the third party vendor, is again decreasing its accounts receivables. We expect to close the remaining two items by the end of this calendar year.
Total: 5				

Completion of Essential Recommendations by Audit Report Fiscal Year

The following chart shows the number of Essential recommendations identified in audit reports by fiscal year and associated implementation time. There were no essential items outstanding for more than two years from FY18 reports. This increased for FY19 and FY20 reports, but then subsided for FY21. This change is likely partially attributable to difficulties with remediation due to the pandemic. However, there are 5 essential items for FY22 audit reports that exceeded the 2-year remediation mark with 3 more still outstanding that will be past 2 years if not resolved by October. This increase reflects a combination of the complexity of remediating the identified issues and ongoing staffing and other resource constraints.

Completion of Essential Recommendations by Audit Report Fiscal Year



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 per Board of Regents policy to the Board of Regents Audit & Compliance Committee and Chair of the Board of Regents to...report the acceptance of risk by the administration, as appropriate.”

The following unit had an essential recommendation identified in their audit report, which was not fully remediated but was closed this reporting period due to the administration’s acceptance of the associated residual risk.

UMD Department of Human Resources

One essential item in the UMD Department of Human Resources (UMD HR) report, related to the lack of a formalized agreement covering trade employees on the UMD campus, was closed but not fully remediated. The trade employees (i.e., plumbers and electricians) are paid by the University, but all other aspects of their employment including benefits, workers’ compensation, grievances, discipline, holidays, shift rates, etc. are handled through their local union. The University has a contract for trade employees on the Twin Cities campus; however, this agreement does not apply to UMD.

OHR and UMD HR worked to develop agreements with the local unions and hired outside counsel to assist with the process. Actions taken included researching the history of the relationship between the University and the unions, understanding relevant agreements, and evaluating options and risks for pursuing University agreements with the unions. Based on the results of this work, the outside counsel advised the University to pursue a Letter of Understanding (LOU) with the unions.

In September 2023, LOU drafts were presented to OHR, Office of the General Counsel (OGC), and UMD HR for discussion and approval. Following this, UMD HR sent multiple requests to the unions to meet and discuss potential agreements. However, ultimately only one of the unions attended scheduled meetings with the University, and as of May 2024, the unions have expressed their lack of desire for an agreement and/or are not responding to University outreach.

OHR, after consultation with OGC, is confident the risk of not having agreements in place for the UMD trade unions is small and manageable given the University has maintained a relationship with both unions for several decades without major issues. Additionally, the employee population is small and without a history of significant employment and labor problems. Finally, if a dispute arises between the University and unions, the terms governing the dispute are past practice between the parties, which have been functioning for many years; OHR does not view this as a significant risk and has generally been pleased with the past course of dealing.

Therefore, the residual risk associated with the lack of an agreement covering the trade employees at UMD was accepted by the vice president of OHR in consultation with UMD leadership.

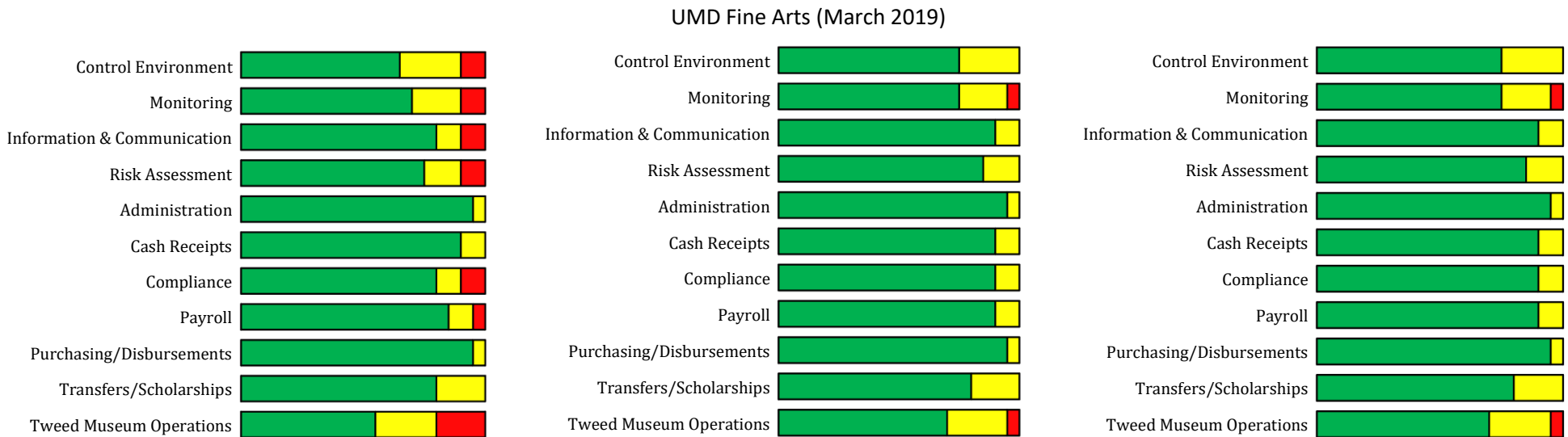
Progress on Implementation of Audit Recommendations

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 audit period 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 2024, while the chart on the right represents the current status. Charts are not presented for investigations nor audits with highly targeted scopes, such as senior leader transition reviews. Charts for those units having implemented all "essential" recommendations during the current audit period are shown at the end of this report.

Original Report Evaluation

Previous Audit Period Evaluation

Current Audit Period Evaluation

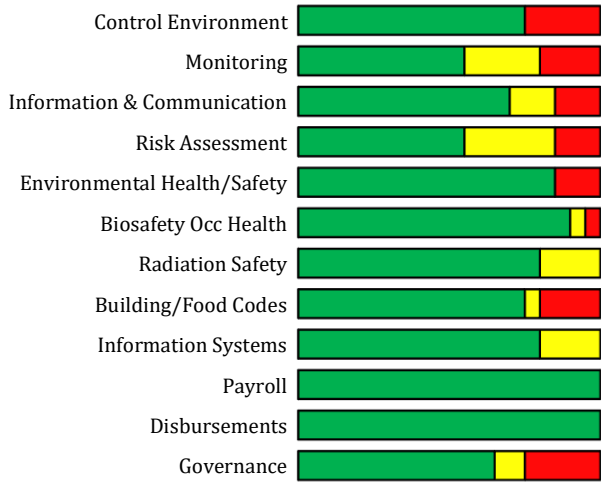


■ Adequate Control
 ■ Significant Control Issue(s)
 ■ Essential Control Issue(s)

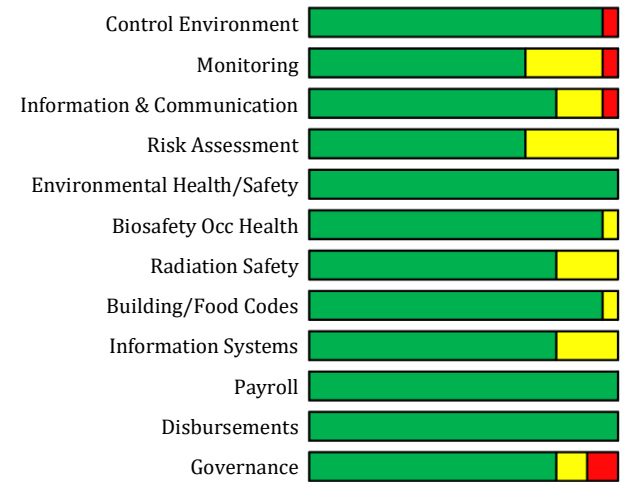
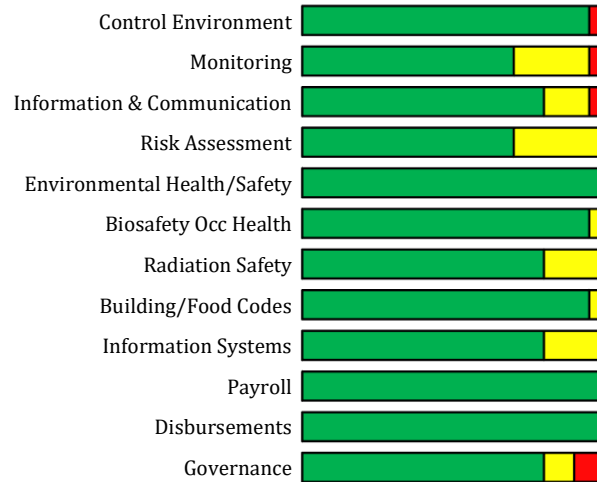
Original Report Evaluation

Previous Audit Period Evaluation

Current Audit Period Evaluation



University Health & Safety (September 2020)



UMN Duluth Department of Human Resources (August 2021)



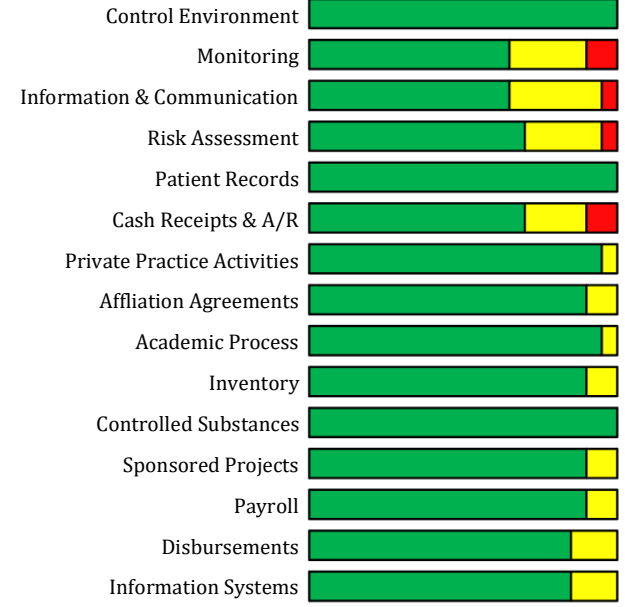
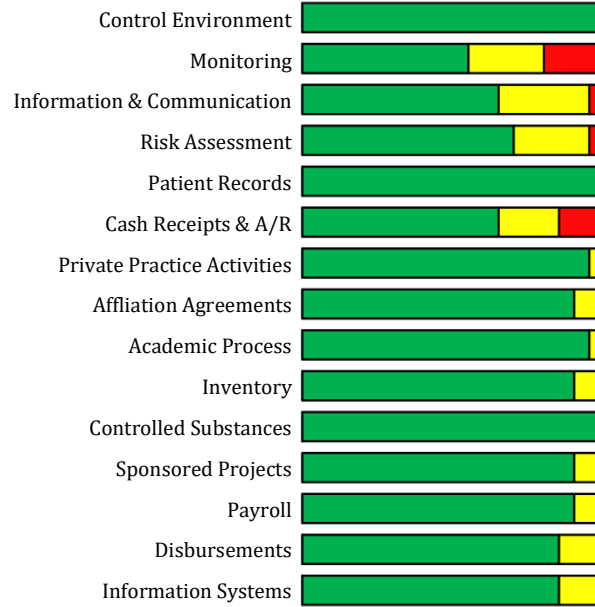
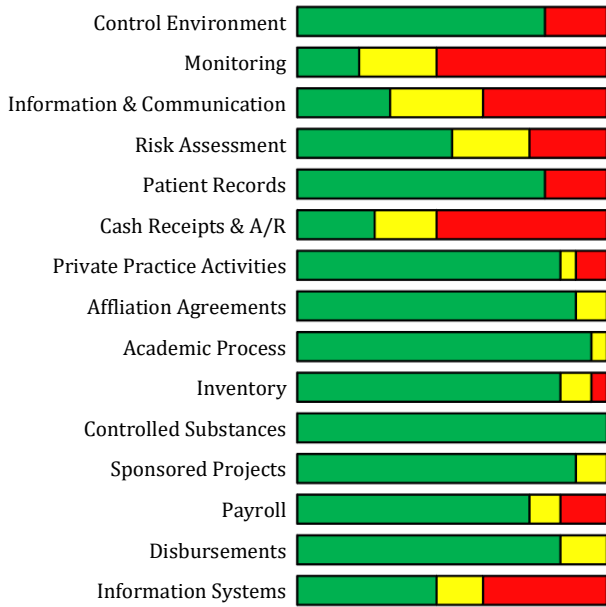
■ Adequate Control ■ Significant Control Issue(s) ■ Essential Control Issue(s)

Original Report Evaluation

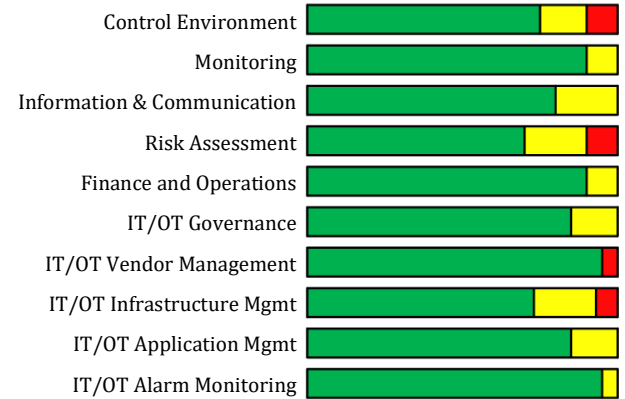
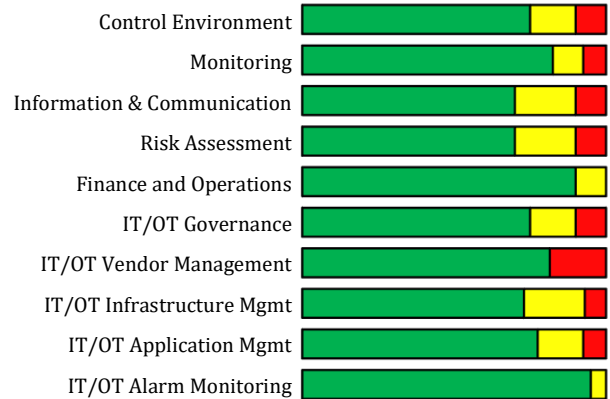
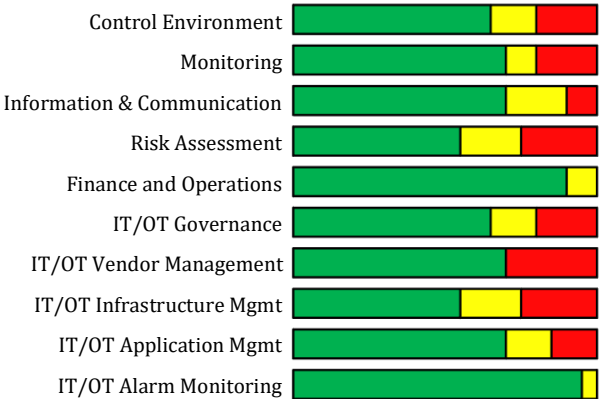
Previous Audit Period Evaluation

Current Audit Period Evaluation

School of Dentistry (September 2021)



Energy Management (July 2022)



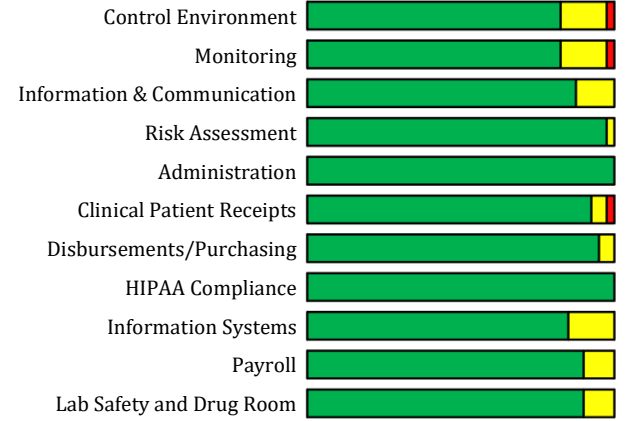
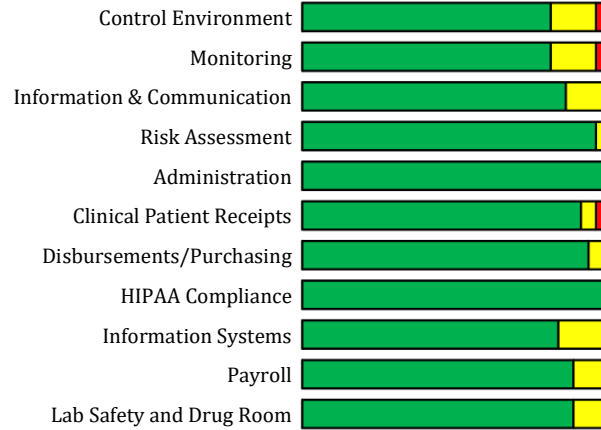
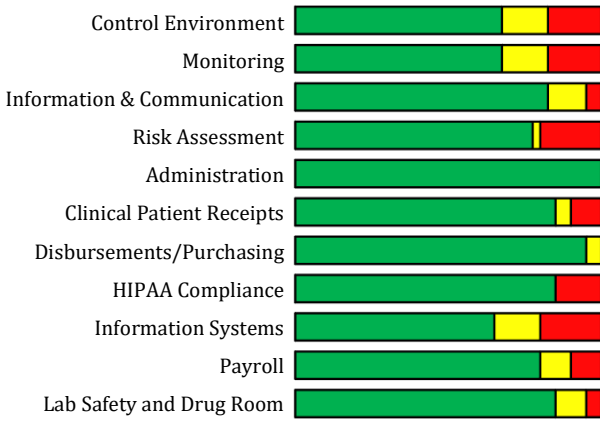
■ Adequate Control ■ Significant Control Issue(s) ■ Essential Control Issue(s)

Original Report Evaluation

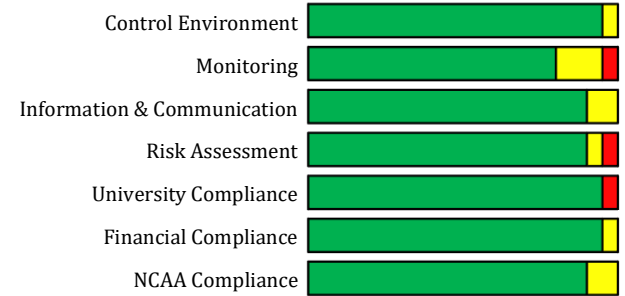
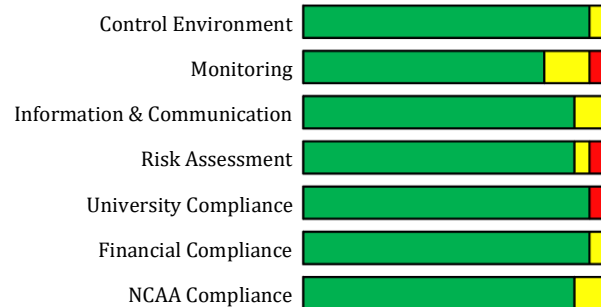
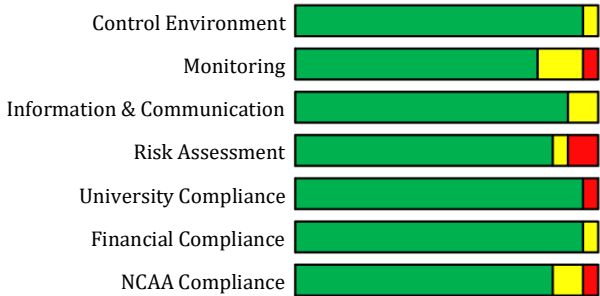
Previous Audit Period Evaluation

Current Audit Period Evaluation

Community-University Health Care Center (December 2022)



Men's Golf and Women's Golf, Gymnastics and Tennis Sport Compliance & Operations (January 2023)



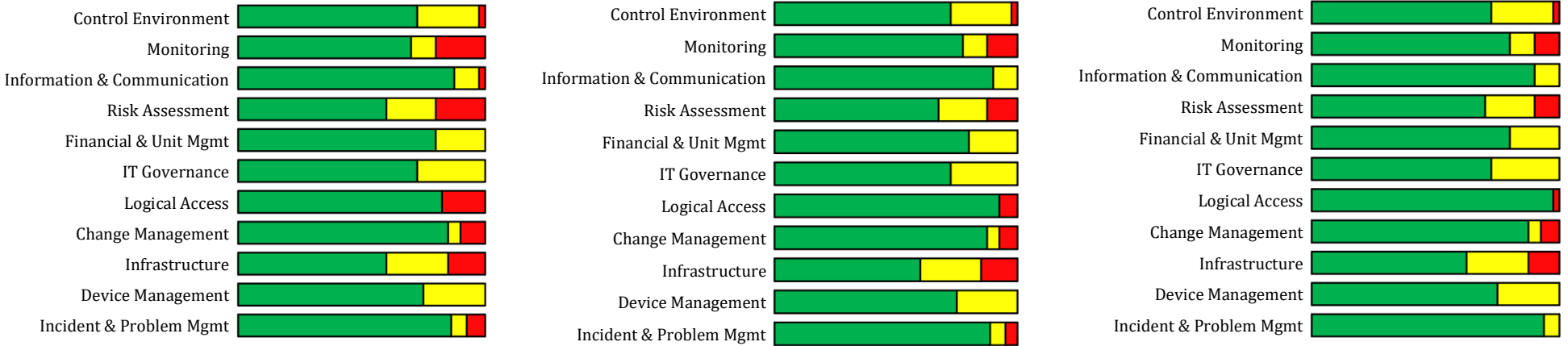
■ Adequate Control ■ Significant Control Issue(s) ■ Essential Control Issue(s)

Original Report Evaluation

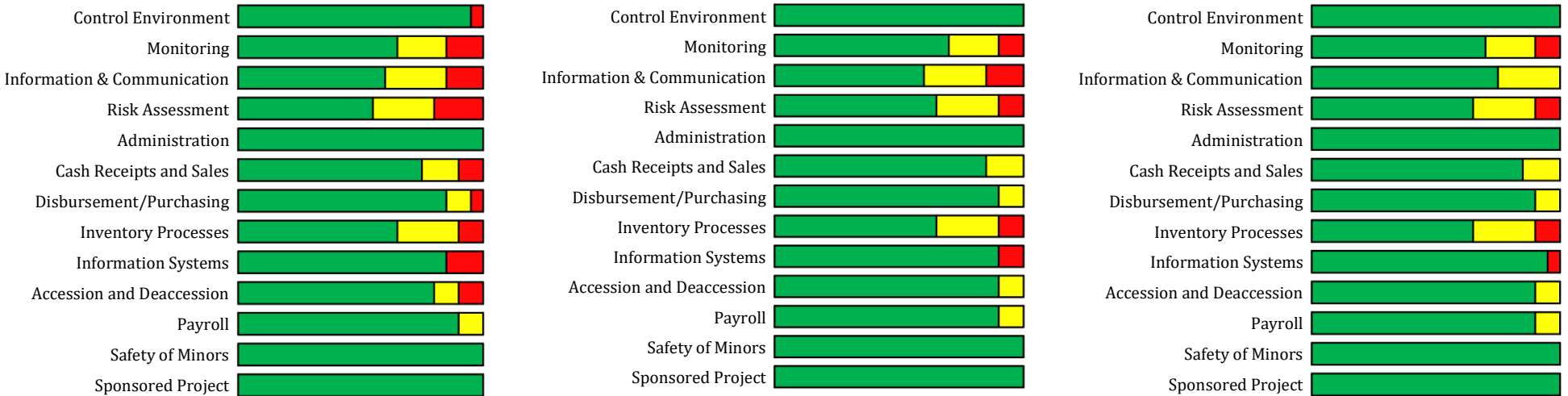
Previous Audit Period Evaluation

Current Audit Period Evaluation

UMD Information Technology Systems and Services (February 2023)



Bell Museum (April 2023)



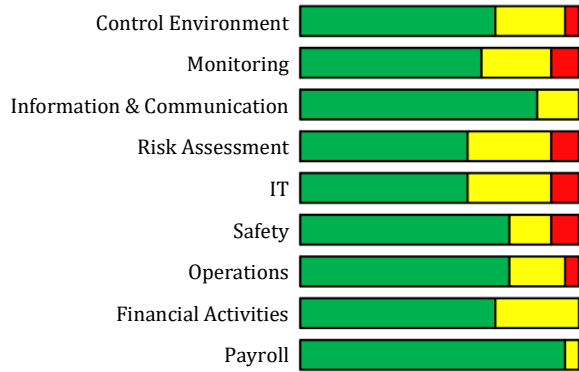
■ Adequate Control
 ■ Significant Control Issue(s)
 ■ Essential Control Issue(s)

Original Report Evaluation

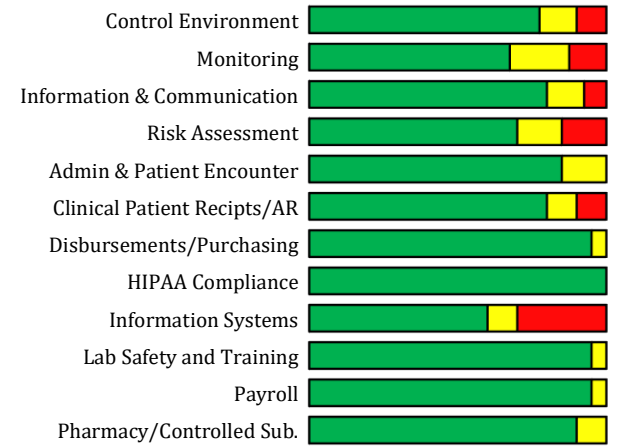
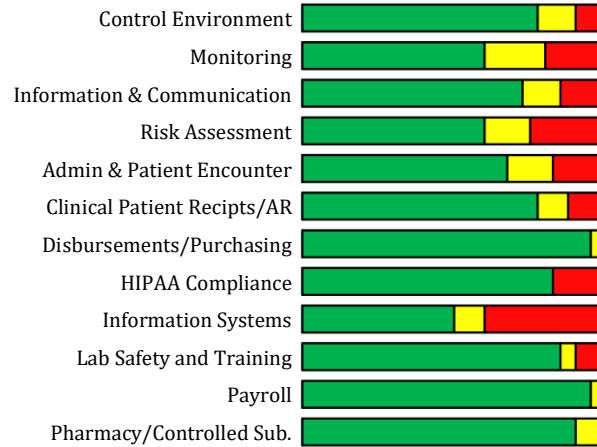
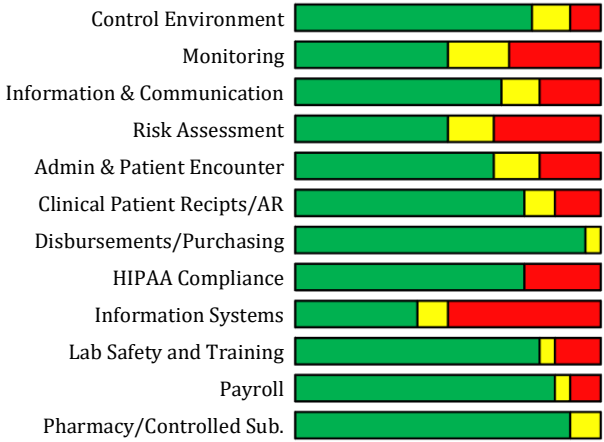
Previous Audit Period Evaluation

Current Audit Period Evaluation

UMD Dining Services (May 2023)



Boynton Health (June 2023)



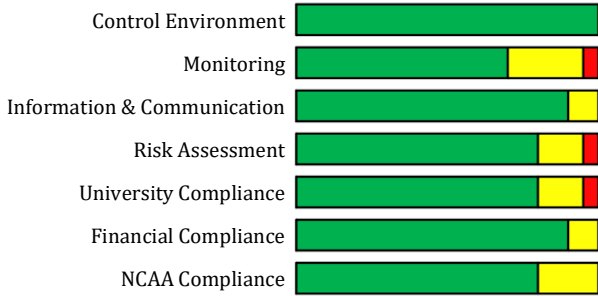
■ Adequate Control ■ Significant Control Issue(s) ■ Essential Control Issue(s)

Original Report Evaluation

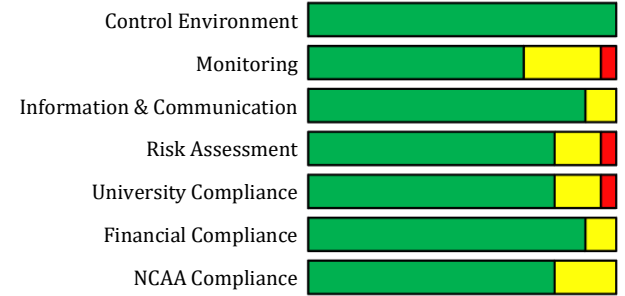
Previous Audit Period Evaluation

Current Audit Period Evaluation

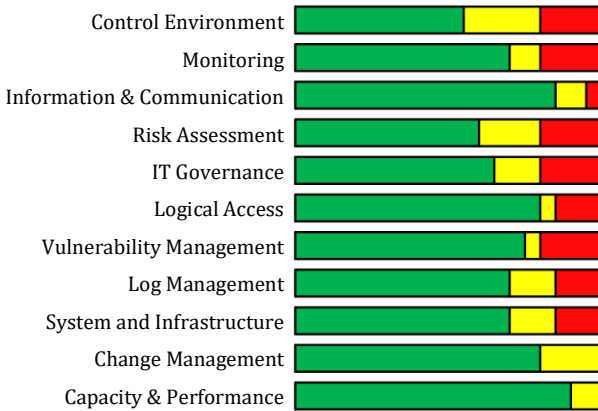
Men’s Cross Country/ Track & Field, and Women’s Cross-Country Track & Field Sport Compliance & Operations (December 2023)



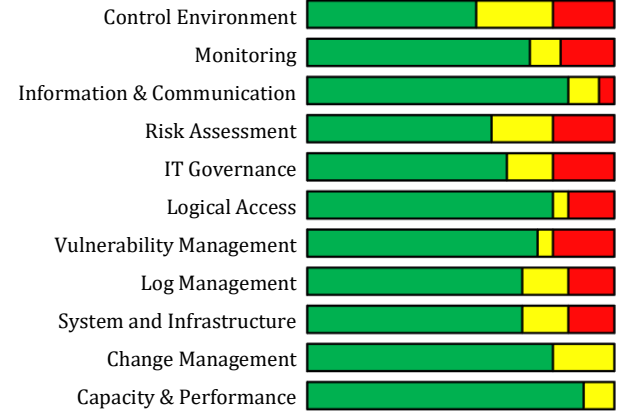
NO PREVIOUS
CONTROL EVALUATION
CHART



OIT Central Server Administration (January 2024)

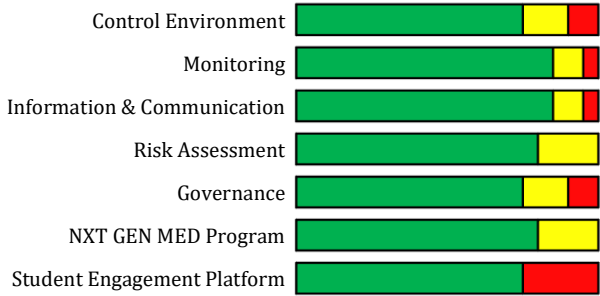


NO PREVIOUS
CONTROL EVALUATION
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■ Adequate Control ■ Significant Control Issue(s) ■ Essential Control Issue(s)

Original Report Evaluation

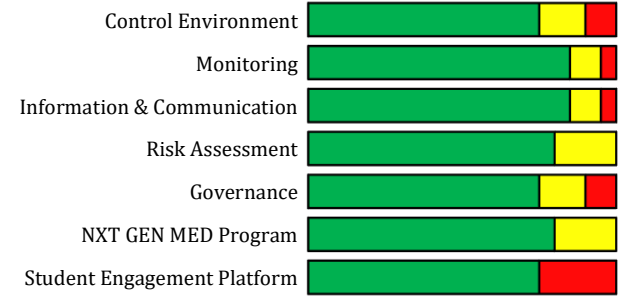


Previous Audit Period Evaluation

NXT GEN MED (January 2024)

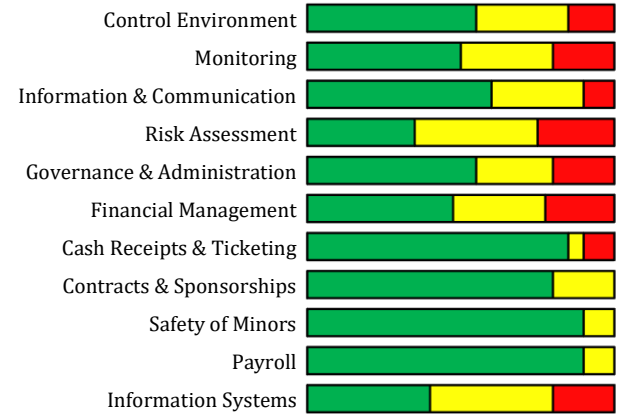
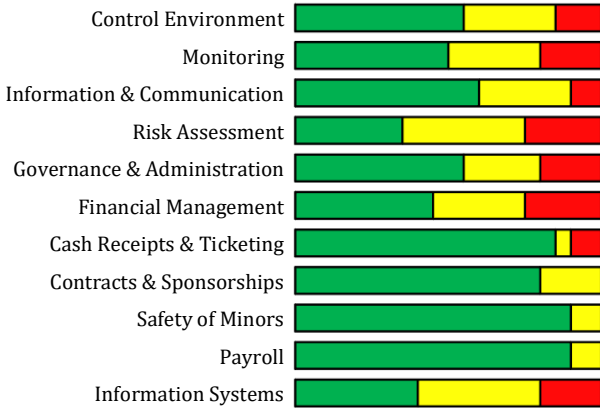
NO PREVIOUS CONTROL EVALUATION CHART

Current Audit Period Evaluation



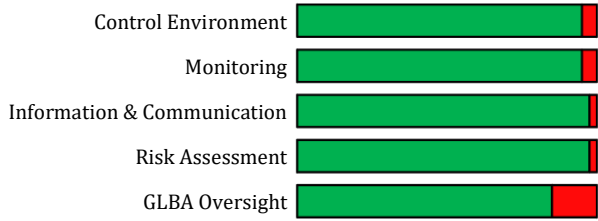
UMD Athletics (January 2024)

NO PREVIOUS CONTROL EVALUATION CHART



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

Original Report Evaluation

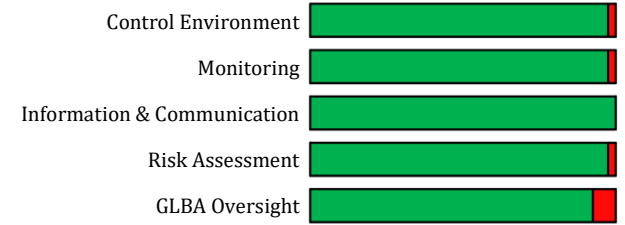


Previous Audit Period Evaluation

GLBA Compliance (January 2024)

NO PREVIOUS
CONTROL EVALUATION
CHART

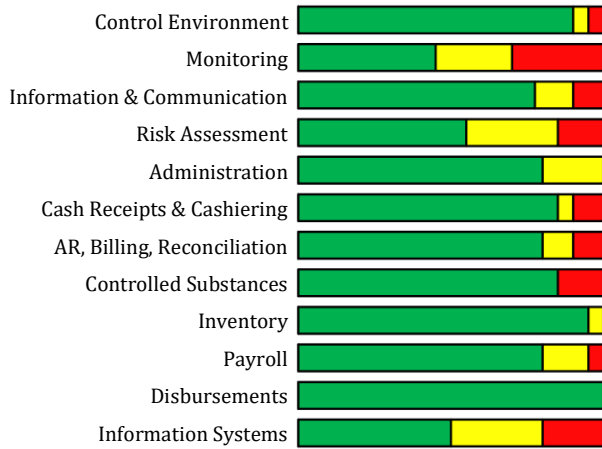
Current Audit Period Evaluation



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

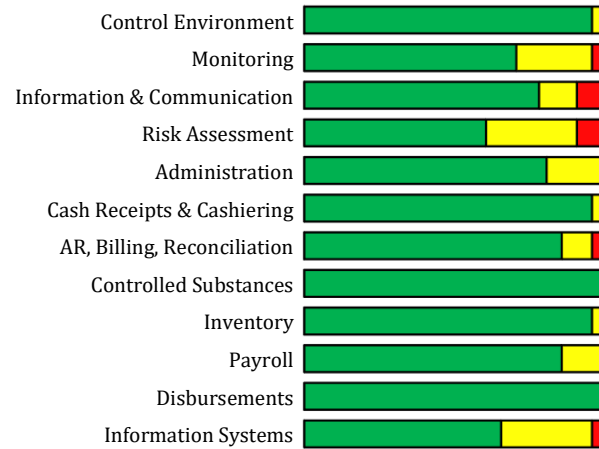
Fully Implemented "Essential" Recommendations During the Past Audit Period

Original Report Evaluation

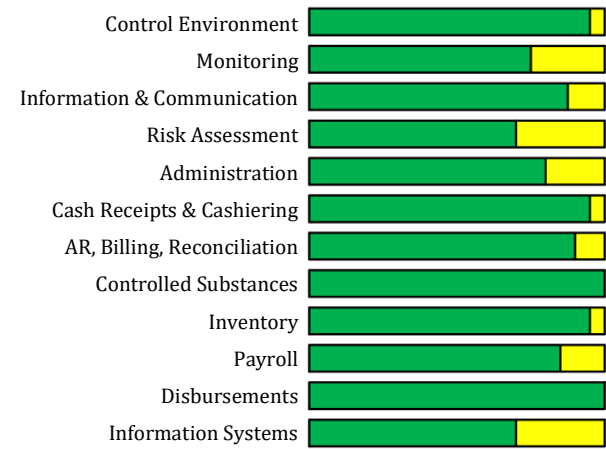


Previous Audit Period Evaluation

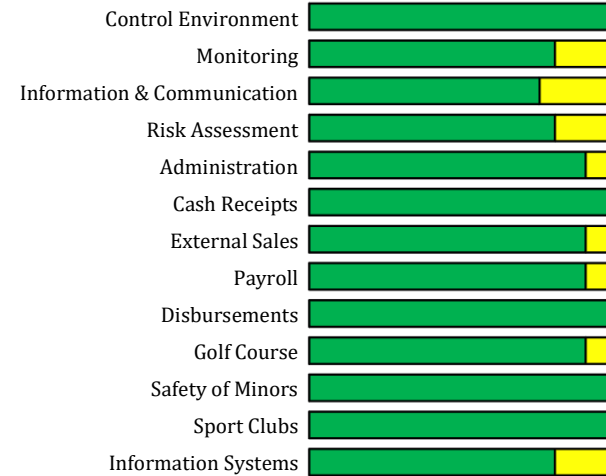
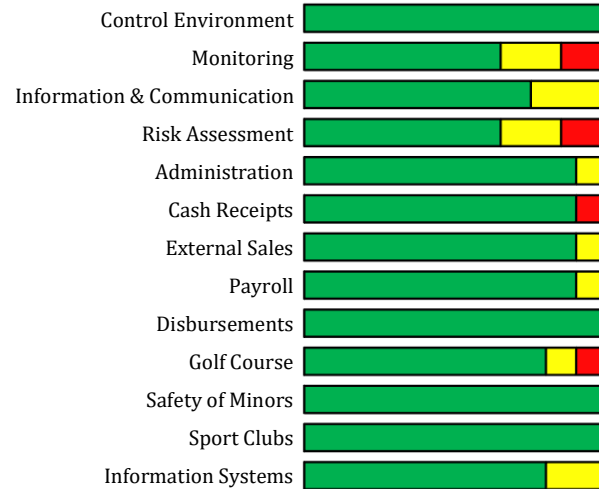
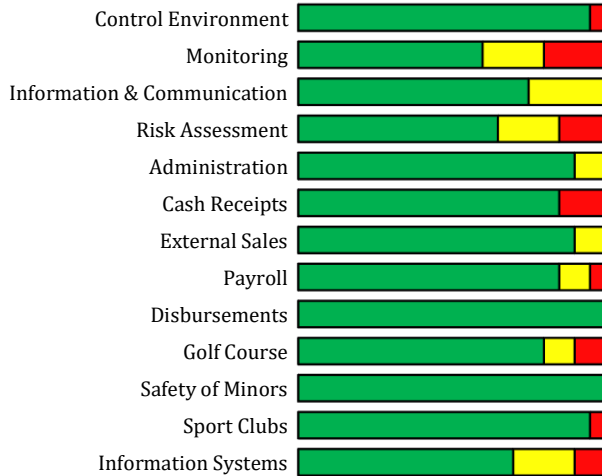
Veterinary Medical Center (August 2022)



Current Audit Period Evaluation



University Recreation and Wellness (January 2023)



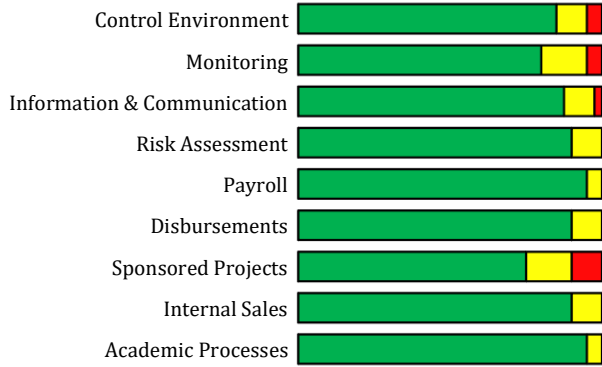
■ Adequate Control ■ Significant Control Issue(s) ■ Essential Control Issue(s)

Original Report Evaluation

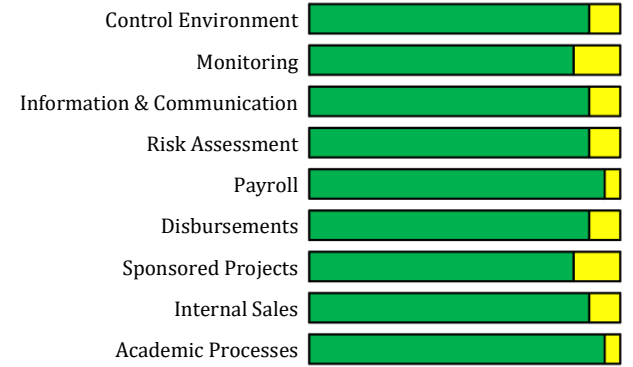
Previous Audit Period Evaluation

Current Audit Period Evaluation

Aerospace Engineering & Mechanics (September 2023)



NO PREVIOUS CONTROL EVALUATION CHART



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

Audit Activity Report

Scheduled Audits

Completed Audits Of:

- Office of Investments and Banking – Associate Vice President and Chief Investment Officer Transition Review
- School of Public Health – Dean Transition Review
- College of Liberal Arts Department of Theatre, Arts and Dance
- Office of Academic Clinical Affairs - Select Centers and Administration
- Office of the Senior Vice President for Finance and Operations Transition Review
- College of Liberal Arts School of Music
- Effort Management
- Office of Institutional Compliance - Chief Compliance Officer Transition Review
- UMD Facilities Management
- Masonic Cancer Center

Began/Continued Audits Of:

- CFANS - Environmental Sciences, Policy, and Management (ESPM)
- Cloud Computing
- College of Education and Human Development
- College of Pharmacy
- Data Management
- Department of Biomedical Engineering
- Firewall Management
- Health Insurance Portability and Accountability Act (HIPAA) Governance & Oversight
- NCAA Compliance and Operations (M/W Hockey)
- Parking and Transportation Services
- UMD Office of the Registrar

Investigations

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

Special Projects

- Conducted gift and endowment account process review and testing for University accounts that received Minnesota Landscape Arboretum Foundation funds.
- Performed sample testing of the Twin Cities Bookstore's physical inventory counts.
- Provided advisory services related to University payroll exception testing.
- Provided technology advisory services in several areas including: identity and access management, data center management, vendor management, logging and monitoring, and information security and compliance.
- Continued to advise the University's incident response team on the recent publicized data breach and provided regular updates to the Office of Legislative Auditor (OLA) on the incident and response.

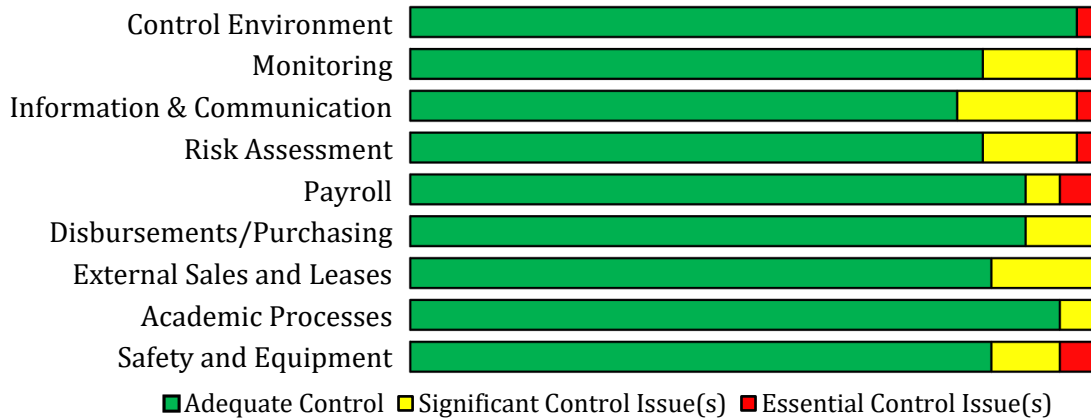
Other Audit Activities

Participated in the following:

- President's Cabinet
- Senior Leadership Team
- President's Policy Committee
- Policy Advisory Committee
- Board of Regents Policy Committee
- Executive Compliance Oversight Committee
- Institutional Conflict of Interest Committee
- University Consultative Team (UReport Reviewers)
- IT Leadership Committees
- HRPP Advisory Committee
- Research Integrity and Safety Collaborative
- Diversity Community of Practice
- PEAK Advisory Council
- University of Minnesota Foundation Audit Committee
- Metropolitan Council Audit Committee
- Association of College and University Auditors (ACUA) Committee on Athletics

Audit Reports Issued Since February 2024

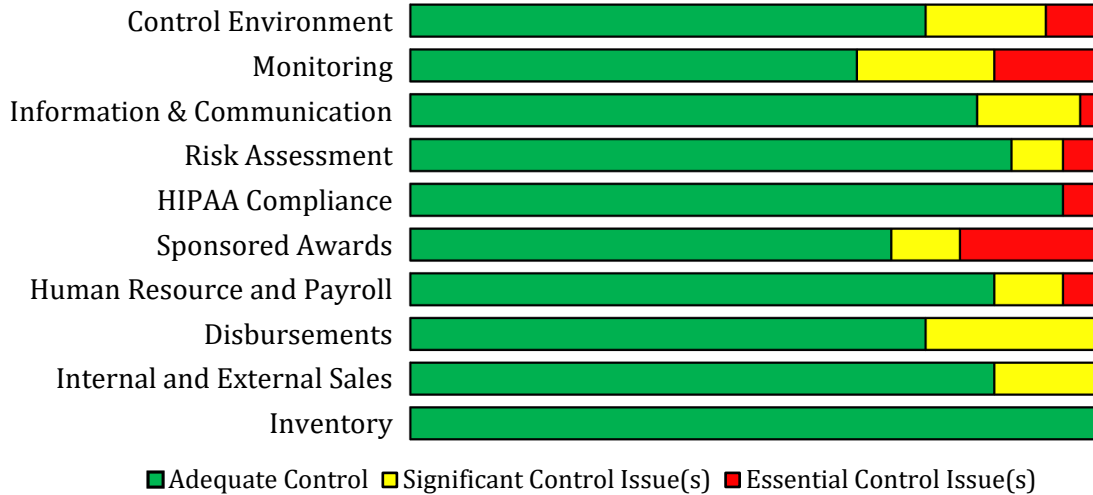
Department of Theatre Arts & Dance Control Evaluation



Report Number:	2416	Issue Date:	March 2024
# of Essential Recs:	2	Total # of Recs:	11
Overall Assessment:	Good	Adequacy of MAP:	Good

The Twin Cities' College of Liberal Arts' Department of Theatre Arts & Dance (TAD) has approximately 100 full-time faculty and staff and a non-sponsored budget in FY23 of \$6.8 million. Enrollment in TAD programs has gradually declined over the past 4-5 years since 2018-2019 (from 3000+ students to 2000+). However, during 2022-2023 TAD saw a slight increase of 5% in enrollment. TAD has two main theatre and dance performance centers, the Rarig Center and the Barbara Barker Center, which hosted 61 total performances in the 2022-23 season grossing \$21K. Our audit affirmed that TAD has developed a control environment and a system of internal controls that addresses most major business and compliance risks. The audit identified some issues with safety reviews and training associated with TAD's shops used for set construction, HR processes, inventory management, admission and scholarship administration and documentation, contract management and some financial processes.

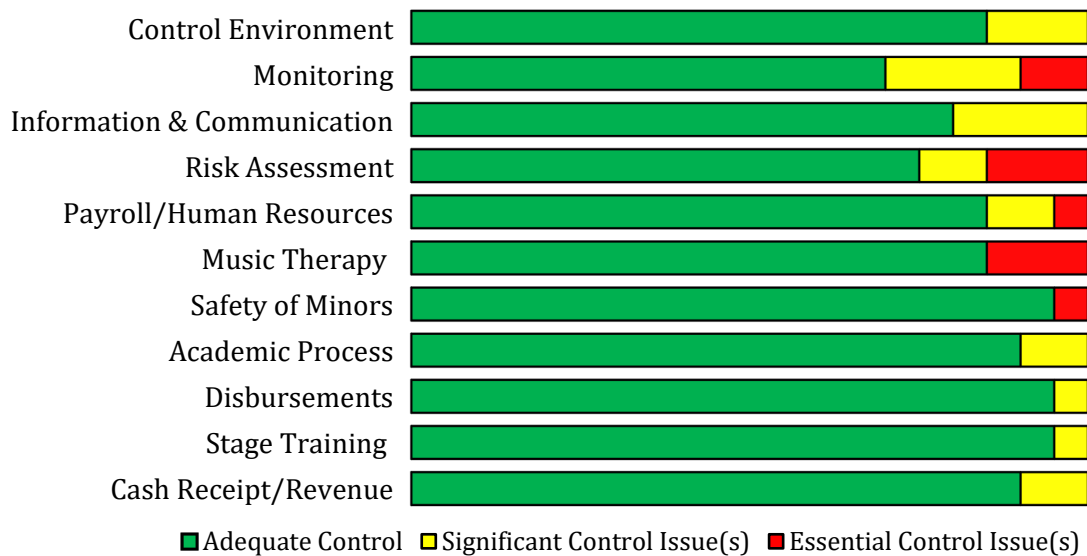
OACA - Select Centers and Admin Control Evaluation



Report Number:	2417	Issue Date:	March 2024
# of Essential Recs:	6	Total # of Recs:	18
Overall Assessment:	Good	Adequacy of MAP:	Good

The Office of Academic Clinical Affairs (OACA) is home to centers and institutes that facilitate clinical research and training at the University of Minnesota. The audit reviewed operational, financial, compliance and internal control processes in all OACA centers, excluding: Clinical and Translational Science Institute (CTSI), Community-University Health Care Center (CUHCC), and Masonic Cancer Center (MCC); as these units are covered as part of other audits. The centers reviewed include: Center for Bioethics; Center for Interprofessional Health; Center for Global Health and Social Responsibility; Health Sciences Education Center; Institute for Cell, Gene, and Immunotherapy; Institute for Engineering in Medicine; Institute for Health Informatics; Institute for Molecular Virology; M Simulation; and Masonic Institute for the Developing Brain (MIDB). Our audit affirmed OACA has developed a control environment and system of internal controls that addresses most major business and compliance risks across these centers. In addition, organizing OACA’s various centers and institutes together helps foster collaboration and reduces duplication of administration. However, OACA’s inherent risk is elevated given their significant amount of sponsored research, research involving human subjects, and handling data protected under HIPAA. Issues were identified in the management and oversight of some sponsored projects and compliance with some HIPAA requirements. Other areas for improvement involve documentation, cross-unit communication, and additional monitoring and oversight of human resources and internal and external sales activities.

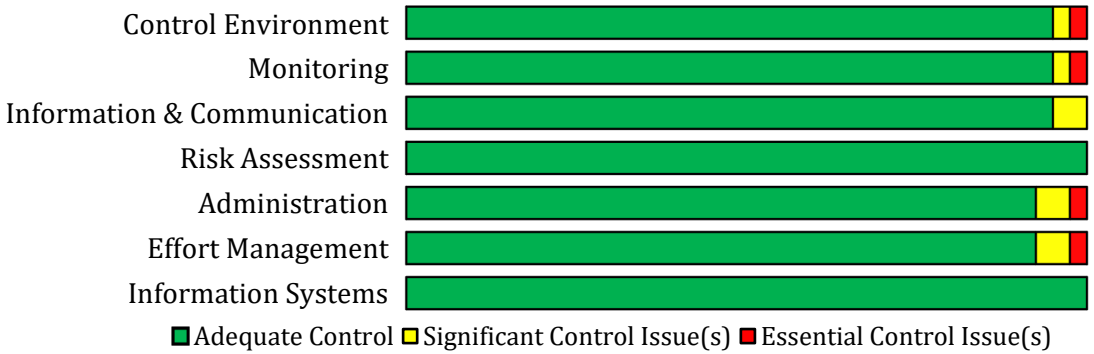
School of Music Control Evaluation



Report Number:	2419	Issue Date:	April 2024
# of Essential Recs:	5	Total # of Recs:	13
Overall Assessment:	Good	Adequacy of MAP:	Good

The Twin Cities’ College of Liberal Arts’ School of Music (SoM) has approximately 100 faculty and staff and a non-sponsored budget in FY23 of \$11.5 million. This includes \$129K in ticket revenue and \$108K in rental income. In the 2022-2023 academic year, SoM had 6,398 students enrolled, 360 students in the Marching and Athletic Bands, and another 1,045 participating in ensembles. SoM also houses a Music Therapy program, which includes a small clinic that works with clients to assist with mental health and non-verbal communication challenges by using music. Our audit affirmed SoM has developed a control environment and system of internal controls that addresses most major business and compliance risks. However, some HR, financial, training, academic review, and operational management processes warrant attention. This includes confirming whether the Music Therapy program is required to follow University HIPAA requirements, and if so, ensuring software control processes and contracts are updated accordingly.

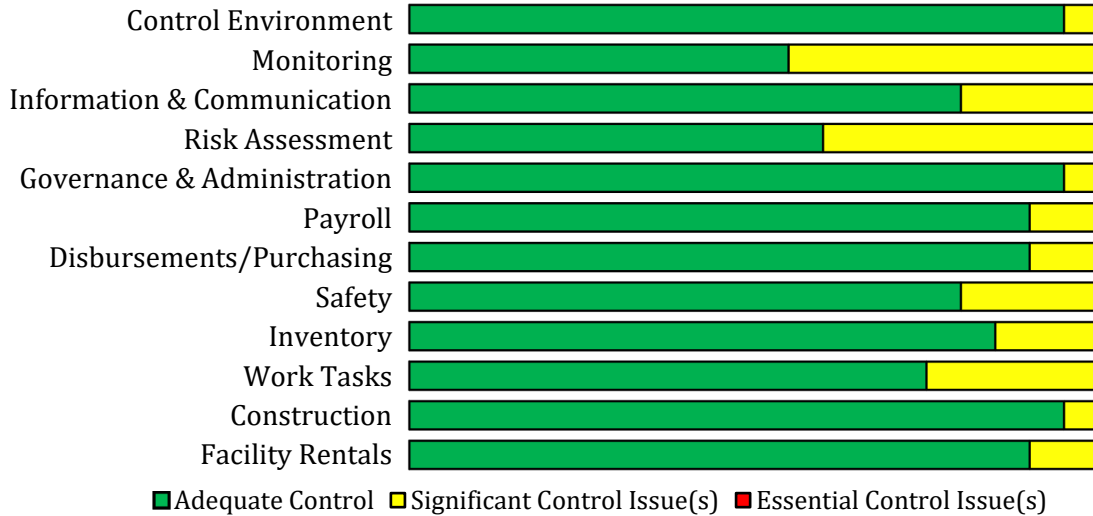
Effort Management Control Evaluation



Report Number:	2420	Issue Date:	May 2024
# of Essential Recs:	1	Total # of Recs:	3
Overall Assessment:	Good	Adequacy of MAP:	Good

Effort is the proportion of time spent on any University activity, expressed as a percentage of total time. Faculty and staff who are paid on sponsored projects, or on companion cost share accounts, must certify the accuracy of their effort on projects in alignment with federal requirements. The University has established an effort program to meet these requirements and has elected to apply the federal reporting standards to all projects. This effort reporting process is managed by the Office of Cost Analysis (OCA) within the Research & Innovation Office (RIO). To facilitate this process the University has implemented an automated effort tool. Our audit affirmed RIO has developed an effort management control environment and system of internal controls to address most major compliance risks and in alignment with federal requirements. However, we did identify some issues, including a few limited instances of noncompliance. Our survey and interviews with effort certifiers also identified some who did not fully understand effort requirements and/or believed their reported time did not accurately reflect time spent. To address these issues and improve awareness, the audit recommends additional RIO monitoring, implementing periodic training, and improving policies and procedures.

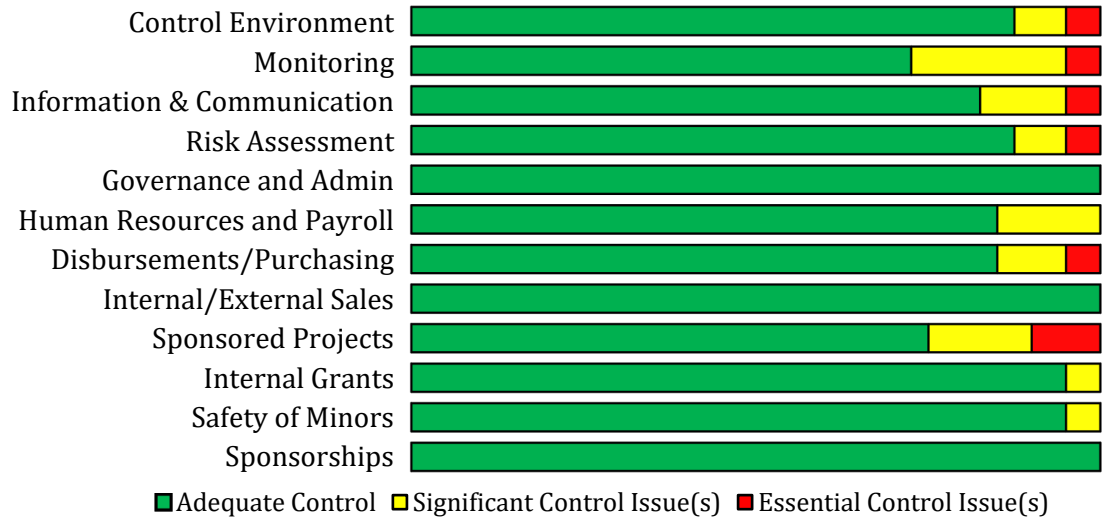
UMD Facilities Management Control Evaluation



Report Number:	2422	Issue Date:	May 2024
# of Essential Recs:	0	Total # of Recs:	21
Overall Assessment:	Good	Adequacy of MAP:	Good

UMD Facilities Management (FM) is responsible for maintaining the more than 3 million square feet of the UMD campus with 248 employees and a non-sponsored budget of over \$23 million. Our audit affirmed UMD FM has developed a control environment and system of internal controls that addresses most major business and compliance risks. They also demonstrate a strong commitment to the University as evidenced in part by high satisfaction surveys. However, our audit identified 10 issues with 21 recommendations. While none of these issues are deemed essential, due in part to a lower level of inherent risk associated with their operations, the issues span several areas, including: monitoring, oversight, and management of inventory and information systems. Some of these issues likely stem from recent challenges implementing a new University-wide FM management application, which may still not be optimized for UMD FM's data reporting and monitoring.

Masonic Cancer Center Control Evaluation



Report Number:	2423	Issue Date:	June 2024
# of Essential Recs:	3	Total # of Recs:	13
Overall Assessment:	Good	Adequacy of MAP:	Good

The Masonic Cancer Center (MCC) is a unit within the Office of Academic Clinical Affairs (OACA), which serves as a hub for cancer research at the University. It is made up of over 600 physicians and researchers coming from three UMN campuses, 14 colleges and multiple partner organizations including M Health Fairview. It was designated a National Cancer Institute in 1998 and is one of only 53 in the nation (and 2 in Minnesota). This designation is reviewed every 5 years and in its last review in 2023 it not only retained its designation but also improved its overall score and was awarded \$20.4 million in federal support over the next 5 years. Our audit affirmed MCC has developed a control environment and a system of internal controls that addresses most major business and compliance risks. However, issues were identified in our sample of sponsored projects including the use of out-of-date consent forms for human participants and a few small instances of mischarging expenses to sponsored funds. Other issues identified relate to strengthening control processes associated with disbursements and travel, human resources and payroll, safety of minors and management of internal grants.

Transition Review Reports Issued Since February 2024

Due to the targeted scope of these audits no overall assessments or control evaluation charts are provided.

Office of Investments and Banking – Associate VP and Chief Investment Officer

Report Number:	2414	Issue Date:	February 2024
# of Essential Recs:	0	Total # of Recs:	0
Overall Assessment:	NA	Adequacy of MAP:	NA

The review of the Associate Vice President (AVP) and Chief Investment Officer of the Office of Investments and Banking (OIB) transition focused on the administrative aspects of the transition, including any financial or other arrangements made by the departing AVP and whether all administrative tasks were current. Financial activities reviewed ranged from January 2024 and up to three years prior. The audit found no financial activity concerns, and most administrative activities of the former AVP were completed to enable a smooth transition for the incoming AVP. The only notable issue we identified is that performance appraisals were not documented by the previous AVP. However, the department has an incentive compensation program for which one of the eligibility requirements is that participants must be performing at an acceptable level during that fiscal year; this provides some coverage of performance evaluation. Additionally, the incoming AVP stated he has performed written performance evaluations of his direct reports in the past and intends to complete written performance reviews going forward. We also identified a few other opportunities for administrative improvement not related to the audit's scope. These items are indicative of the need for general process improvements not specific to this transition review and were communicated separately to OIB leadership.

School of Public Health - Dean

Report Number:	2415	Issue Date:	March 2024
# of Essential Recs:	0	Total # of Recs:	0
Overall Assessment:	NA	Adequacy of MAP:	NA

The review of the Dean of the School of Public Health (SPH) focused on the administrative aspects of the transition, including any financial or other arrangements made by the departing dean and whether all administrative tasks were current. Financial activities were reviewed from the first half of fiscal year 2024 and up to two years prior. The audit results affirmed the activities of the interim dean reflected a prudent use of University resources and thoroughness in the necessary administrative functions required for a smooth transition for the new dean. No issues were identified.

Office of the Senior Vice President for Finance and Operations

Report Number:	2418	Issue Date:	March 2024
# of Essential Recs:	0	Total # of Recs:	0
Overall Assessment:	NA	Adequacy of MAP:	NA

The review of the Senior Vice President for Finance and Operations (SVPFO) transition focused on the administrative aspects of the transition, including any financial or other arrangements made by the departing SVPFO and whether all administrative tasks were current. Financial activities reviewed ranged from March 12, 2024, and up to three years prior. The audit found the activities of the former SVPFO reflected a prudent use of University resources and thoroughness in the necessary administrative functions required for a smooth transition to the interim SVPFO. No issues were identified. We did identify a few small administrative improvements beyond the audit's scope. These recommendations were communicated separately to SVPFO leadership.

Office of Institutional Compliance – Chief Compliance Officer

Report Number:	2421	Issue Date:	May 2024
# of Essential Recs:	0	Total # of Recs:	0
Overall Assessment:	NA	Adequacy of MAP:	NA

The review of the Chief Compliance Officer (CCO) in the Office of Institutional Compliance transition focused on the administrative aspects of the transition, including any financial or other arrangements made by the departing CCO and whether all administrative tasks were current. Financial activities reviewed ranged from April 10, 2024, and up to three years prior. The audit found the activities of the former CCO reflected a prudent use of University resources and thoroughness in the necessary administrative functions required for a smooth transition to the interim CCO. No issues were identified.

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 review we conducted during this reporting period.

Classes Taught by Graduate Assistants

This SNAP review analyzed two semesters of data on UMN TC courses with graduate assistants listed as the instructor to identify potential impacts if an agreement with their union was not reached.

Management Remediation Plans that Involve PEAK

The following table includes recommendations and risks identified in Internal Audit reports for which management stated would be resolved at least in part through the PEAK Initiative and these items' current status.*

Audit	Report Date	Summary of the Issue	Management Response	Recommendation Rating	Status of Essential Recommendation	PEAK Service Area	PEAK Phase (of unit)	Current Status
Fiscal Year 2024								
UMD Athletics	January 2024	UMD Athletics' primary financial employee is dedicated 85% to UMD Athletics and 15% to other UMD departments and has no reporting line to UMD Athletics despite the majority of this position's work relating to UMD Athletics. The longtime financial employee is retiring, and it may not be feasible for their replacement to produce the same work output as an employee with decades of experience with UMD Athletics. Additionally, many recommendations in the audit report will likely require new independent monitoring controls to be implemented, which may result in an increased workload for the financial position.	UMD is currently looking at how to efficiently and effectively utilize the position in a post PEAK implementation environment as part of a larger look at efficient and effective implementation of financial resources across campus.	Significant	N/A	Finance	Phase 1	This issue is being resolved separate from PEAK. The UMD Athletics primary financial employee's duties were evaluated and adjustments were made to balance workload. UMD is working on a broader restructuring of its administrative support functions now that the effects of the PEAK implementation are known.
Fiscal Year 2023								
UMD Dining Services	May 2023	Multiple units perform financial duties for Dining Services, and Dining Services' oversight of these activities is limited, which presents effectiveness and efficiency concerns.	Dining Services plans to evaluate its financial support model after the processes being addressed as part of PEAK are implemented.	Significant	N/A	Finance	Phase 1	This issue is being resolved separate from PEAK. Dining Services believes changes to financial roles, responsibilities, and/or processes will likely be determined by the incoming UMD chancellor and vice chancellor for Student Life.
		Dining Services IT support model involves various UMD units and responsibilities have not been formally defined. Additionally, there is no central oversight of Dining Services IT function by an IT professional.	Dining Services plans to work with UMD ITSS to identify a lead IT support person. This new IT support structure will be determined, at least in part, through the changes implemented as part of PEAK.	Significant	N/A	IT		This issue is being resolved separate from PEAK. A Dining Services business information and analysis employee has been assigned IT management duties. This employee continues to coordinate with Student Life IT and UMD ITSS as needed.
UMD Information Technology Systems and Services (ITSS)	February 2023	A comprehensive evaluation of IT staffing and support services for the UMD campus has not been performed nor initiated by UMD leadership, which is likely resulting in inefficiencies and increased noncompliance risks.	ITSS plans to work with UMD leadership to comprehensively evaluate the current IT support structure for the campus. This review will be coordinated with the work being done as part of the broader PEAK initiative.	Significant	N/A	IT	Phase 1	This issue is being resolved separate from PEAK. ITSS leadership developed a proposal to restructure the campus' IT staffing/support. Further progress is awaiting the chancellor leadership transition.

Fiscal Year 2022								
Employee Visa and Immigration Support Collaborative Assessment	November 2021	The Collaborative Assessment report identified risks related to strategy, hiring, and visa processing.	Senior management plans to establish a task force comprising representatives from all units with visa-related duties to review the collaborative assessment report and the University's visa support processes holistically.	N/A - this Collaborative Assessment identified Medium and Low risk areas for improvement, but not as recommendations	N/A	Human Resources	N/A	The risks identified in the Collaborative Assessment will be reviewed separate from PEAK. Some discussions have been held between the Office of Human Resources (OHR), Office of the General Counsel (OGC), and Global Programs and Strategy Alliance (GPS); however, the planned task force to address the risks has not yet been established. This has been delayed partly by changes in leadership.
UMD Human Resources (UMD HR)	August 2021	Human resources' roles and responsibilities are not clearly defined and documented to ensure understanding, efficiency, and consistency.	UMD HR plans to assess the feasibility of a structural plan pending the results of PEAK.	Essential	Not Implemented	Human Resources	Phase 1	This issue is being resolved separate from PEAK. The associated recommendation is essential and thus is being reviewed as part of Internal Audit's follow-up process.
		There are opportunities to improve the efficiency and consistency of I-9 processing on the UMD campus.	At UMD, I-9 processing is the responsibility of the hiring unit and not UMD HR, which is neither staffed nor has the resources to process I-9s centrally. UMD HR plans to review I-9 processes for the campus alongside the results of PEAK.	Significant	N/A	Human Resources		This issue was reviewed separate from PEAK. UMD HR evaluated centralizing I-9's at UMD and determined in consultation with OHR that I-9 processes would not be changed at this time.

***Note:** The audit reports in the table above were previously included in the February 2024 docket materials. New for this reporting period, a current status for each item is also provided. Since February, there were no additional items identified where management stated the remediation of a recommendation would be resolved at least in part through PEAK.



BOARD OF REGENTS DOCKET ITEM SUMMARY

Audit & Compliance

June 13, 2024

AGENDA ITEM: Internal Audit Plan

Review

Review + Action

Action

Discussion

This is a report required by Board policy.

PRESENTERS: Quinn Gaalswyk, Chief Auditor

PURPOSE & KEY POINTS

The purpose of this item is discussion of the FY 2025 Internal Audit Plan. The plan includes 19 audits of University processes and units. The plan is risk-based and continues to reflect the principles of the Integrated Framework of Internal Control.

The Office of Internal Audit (Internal Audit) is also preparing for the External Quality Assurance Review. Standards set forth by the Institute of Internal Auditors require that Internal Audit have a continuous internal quality assurance program in place and undergo an external quality assurance review every five years. As a part of this External Quality Assurance Review, Internal Audit expects to review potential process and documentation changes required by an update in professional standards.

In addition to the 19 planned audits, audit work associated with any changes to the University's healthcare partnerships or with the PEAK implementation will be performed if the need arises. The FY 2025 Internal Audit Plan will also continue to perform gift testing in alignment with the memorandums of understandings with University foundations, and senior leader transition audits as they occur including for the following individuals:

- President
- Chancellor, Duluth campus
- Vice Provost for the Office of Undergraduate Education.

The plan maintains audit coverage of University units and processes and includes audits specifically selected to inform the Board and institutional leaders on areas where institutional risks exist. Selection of activities for inclusion in the annual audit plan considered alignment with the 2024 Institutional Risk Profile and the MPact 2025 Systemwide Strategic Plan. Audit coverage is balanced across the University operations. The plan includes two tiers to reflect priorities and to continue to allow for flexibility in the plan if higher priority audit needs arise.

BACKGROUND INFORMATION

The Audit & Compliance Committee is delegated the responsibility to review the annual Internal Audit Plan on behalf of the Board as outlined in Board of Regents Policy: *Board Operations and Agenda Guidelines*, Section IV, Subd. 4. Audit & Compliance Committee Charter.

FISCAL YEAR 2025
INTERNAL AUDIT ANNUAL PLAN

PURPOSE OF THE ANNUAL PLAN

The annual internal audit plan is intended to convey a current sense of the University's internal control environment and the extent to which institutional risk mitigation is being assessed by regular audit activities, addressed proactively through advisory services, or investigated as a result of reported concerns.

The plan also includes information that demonstrates the Office of Internal Audit's (OIA's) accountability for our resources and our ongoing efforts to continually improve the University's internal audit program.


RECAP OF FY 2024 ANNUAL AUDIT PLAN

(Note: See Appendix B for the audit status for FY 2024)

Our audit planning begins with a review of past audit coverage and results. Appendix A recaps the audits completed for the last three fiscal years and the resulting overall control assessments. Appendix B details progress made against the FY 2024 audit plan and other audit work performed. To date, we have completed 23 audits in FY 2024, which is consistent with the 24 audits we issued in FY 2024. The risk management and control environments of 14% of the audit reports that received overall audit ratings were rated as, "Needs Improvement." The remaining 86% of audits were rated, "Good" or, "Adequate." These results are also consistent with FY 2023 results, which continues to demonstrate an overall culture of compliance and risk management throughout the University.

In addition to the 23 audits completed:

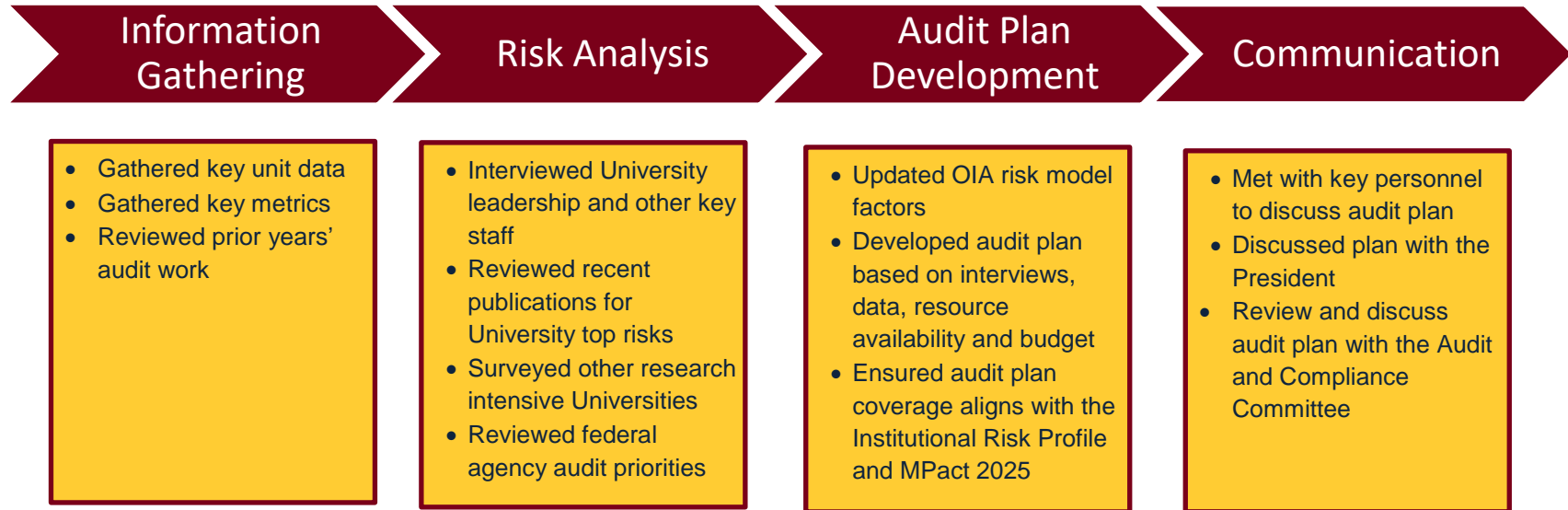
- **Audits In Progress:** 2 audits are currently in progress, but we expect these to still be completed in FY 2024.
- **Completed Next FY:** 9 audits are in progress and will be completed in FY 2025.
- **SNAP Reviews:** 2 SNAP reviews were issued.
- **Deferred Audits:** 1 audit from the FY 2024 audit plan was deferred to FY 2025 and 1 audit was replaced.
 - *Audits Deferred to FY 2025:* Student Affairs Care Team
 - *Replacement Audit Work:* Data Management replaced Minnesota Supercomputing Institute
- **Employee Surveys:** 12 employee surveys were sent out to 484 participants as part of regular unit audit processes, with a 60% response rate. Additionally, approximately 7,300 process specific surveys were sent to principal investigators (PIs) as part of the Effort Management audit, which had a 32% response rate.
- **Investigations:** 11 investigations into financial or operational misconduct were conducted in accordance with the University Policy on Reporting and Addressing Concerns of Misconduct. OIA partnered as appropriate with the University of Minnesota Police Department (UMPD), Office of the General Counsel, Office of Institutional Compliance, Research Integrity & Compliance, and other units as needed.



22 Audit Reports
Issued
11 Investigations
Conducted
2 SNAP Reviews
Completed

DEVELOPMENT OF THE FY 2025 ANNUAL PLAN

The development of the annual audit plan is based on information gathered through broad consultation across the University and a formal assessment of existing and emerging risks. We also do a scan to identify areas of emphasis at relevant federal agencies and survey other research universities regarding the assessment of risks within their institutions. Below is a chart that illustrates the approach that was taken in developing the audit plan:



External Risk Assessment / Scan of the National Landscape of Higher Education

Regulatory Agencies: The areas receiving the most attention by federal agencies continue to be: research data security; financial reporting mistatements; research compliance; and foreign influence and recruiting.

Research Universities: Risks identified in our survey of other research universities found common themes including:

University Operations & Administration

- Cybersecurity and Data Security
- Public Safety
- Mental Health and Wellbeing
- Declining Enrollment and Financial Strains
- Technological Innovation & Artificial Intelligence
- Workforce Challenges.

Regulatory and Compliance

- Research Compliance
- Student and Employee Protection
- Data Protection and Privacy
- Changing Legal and Regulatory Environment
- Athletics' Changing Financial and Regulatory Landscape

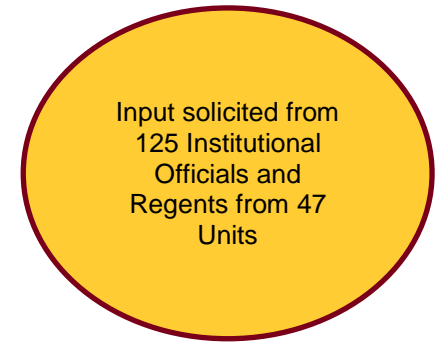
Research

- Foreign Influence and Security
- Management of Grants and Awards
- Research Data Security

Internal Risk Assessment Approach

We held discussions with 125 institutional officials and Regents from 57 units to solicit input on the University’s institutional risks and any specific areas of concern. Themes identified include: purchasing processes; PEAK; campus safety; changes to healthcare partnerships; leadership transitions; staffing changes and challenges; cybersecurity; aging infrastructure; system campus enrollment and financing; changes in government regulations; changes in intercollegiate athletics finances and regulations; and the rise of online learning.

We also reviewed the Institutional Risk Profile, as first presented at the Audit & Compliance Committee in September 2023 and its updated form presented in May 2024, as well as Board of Regents meeting agendas for topics of interest at the governance level.



Operational Risk Assessment

Our annual planning process includes re-examining the University’s “audit universe” to ensure that all University activities are considered when determining how audit resources can best be allocated. We also consider new regulatory developments, new business processes, and institutional priorities and strategic initiatives.

The Office of Internal Audit continues to utilize a formalized risk assessment methodology in selecting processes/units for inclusion in the annual audit plan. Relative risk assessment is necessary to provide a basis for the rational deployment of our limited resources across the institution. The risk factors considered in prioritizing institutional activities include:

- Impact on the University’s mission
- Impact on University finances
- Assessment of the activity’s control environment
- Level of compliance concerns
- Impact of information technology
- Complexity and/or diversity of the activity
- Changes in the organization or leadership
- Impact on the University’s operations
- Brand and reputational risk

Our operational risk assessment resulted in a risk ranking of 174 individual auditable units, of which 24 we consider to be high-risk, 110 moderate-risk, and 40 low-risk. A rating of “high-risk” does not necessarily mean that the activity is perceived to have control problems, but rather reflects the inherent risk associated with the criticality and/or centrality of the unit to the University’s mission.

Key Themes Identified

- Healthcare Partnerships
- Enrollment & Finances
- Staffing: Leadership Turnover, Hiring and Workforce Challenges
- Information Security & Data Management
- Campus Safety
- Administrative Operations and Changes

ALLOCATION OF AUDIT RESOURCES

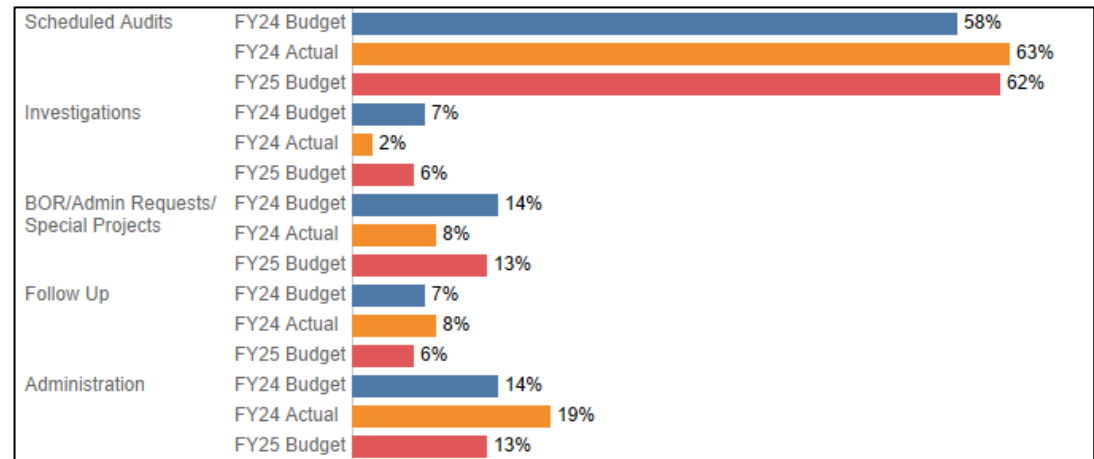
This year's allocation of resources is based on our current staffing complement of 13.5 FTE auditors and an assumption that we will hire our two open auditor positions by January 2025, for a total of 14.5 FTE auditors for FY 2025 (see FY 2025 Staffing below for more details).

At 14.5 FTE auditors, approximately 62% of the Office of Internal Audit's resources will be committed to the completion of planned audit projects. This year 10% of our total available hours will be needed to complete carry-over work on the eight audits started in FY 2024 that will be reported in FY 2025.

The remainder of our FY 2025 audit resources is reserved as follows:

- 6% has been reserved for investigations. The number of hours remains consistent with previous years.
- 13% has been reserved to accommodate special requests and projects including senior leader transition audits, SNAP reviews and requests from the President, the Board, or members of the senior leadership team. The number of hours remains consistent with the previous year.
- 6% has been reserved for follow-up procedures on outstanding report issues performed on behalf of the Audit and Compliance Committee. The number of hours remains relatively consistent with previous years.
- 13% of our resources have been allocated for internal administrative functions, such as staff oversight, hiring and onboarding, annual audit planning, data analytics, and other continuous improvement efforts. While last year we spent 19% on administration this was a decrease from 25% in FY 2023 and we expect this number to continue to decrease as we continue to stabilize post a higher period of turnover, which necessitated significant time investment in hiring and onboarding.

Percent of Audit Resources for FY 2025
Percent of Available Time



OVERALL RISK FOCUS AND IMPACT ON THE FY 2025 AUDIT PLAN

Our proposed internal audit plan for FY 2025 includes coverage of key risks and areas of interest including: enrollment and finances, information security and data management, athletics, system campuses, and impacts of changes in administrative operations and staffing on units. Selected academic units and

operational areas are also included in the plan to maintain reasonable cycles of audit coverage. In addition, other audit work will be performed to address risks associated with senior leader transitions, healthcare partnerships, or other areas as the needs arise.

In selecting areas for audit coverage, we were mindful of the risks included in the Institutional Risk Profile as presented to the Audit & Compliance Committee in May 2024 as well as the goals laid out in the MPact 2025 strategic plan. As applicable, we will continue to blend MPact 2025's goals, and future strategic plans' objectives, into our work and highlight how units and processes align with University strategic plans in our audit reporting.

PROPOSED FISCAL YEAR 2025 AUDIT PLAN

Taking into consideration the risks identified externally as well as internally, and balancing all the above with our available resources, the audit plan recommended for FY 2025 includes the following:

Process Audits

High Risk	Moderate Risk	Low Risk
<p>Digital Identity Management (IAM Follow-up) Lab Safety (Inclusive of BSL-3) Purchasing (Select Administrative Processes)</p>	<p>Clinical and Translational Science Institute IT MN SSBCI Venture Capital Program Student Affairs Care Team</p>	<p><i>No Low-Risk Process Audits on FY25 Plan</i></p>

Unit Audits

High Risk	Moderate Risk	Low Risk
<p>Athletics (Select Administrative Processes) UServices IT</p>	<p>Biostatistics - School of Public Health Center for Infectious Disease Research and Policy (CIDRAP) CFANS Arboretum College of Design Electrical and Computer Engineering Neuroscience Psychology - CLA UMD International Programs and Services UMD Rec Sports Outdoor Program (RSOP) University of Minnesota Morris</p>	<p>Center for Urban and Regional Affairs (CURA)</p>

We approach the audit plan in two tiers to provide the Committee with an understanding of our current priorities and enable flexibility to accommodate performing audit work in response to emerging issues. The audits in bold are Tier 1 audits and are considered higher-priority projects. The remaining audits are Tier 2 audits. Both tiers are expected to be completed based on the expected average of 14.5 FTE auditors. However, Tier 2 audits may be

replaced/substituted if there are staffing constraints or higher priority needs for audit coverage arise during the year. Changes made to the Tier 2 projects due to variances in staffing or priority changes will be communicated to the Committee.

In addition to these listed audits, we are reserving time to prepare for our External Quality Assurance Review and review potential process and documentation changes required by an update in our professional standards (as further detailed below). We will also continue to plan to perform audit work associated with any changes to the University’s healthcare partnerships or with the PEAK implementation if the need arises. We will also continue to perform: 1) gift testing in alignment with the memorandums of understandings with University foundations, and 2) senior leader transition audits as they occur including for the: President, UMD Chancellor, and the Vice Provost for the Office of Undergraduate Education.

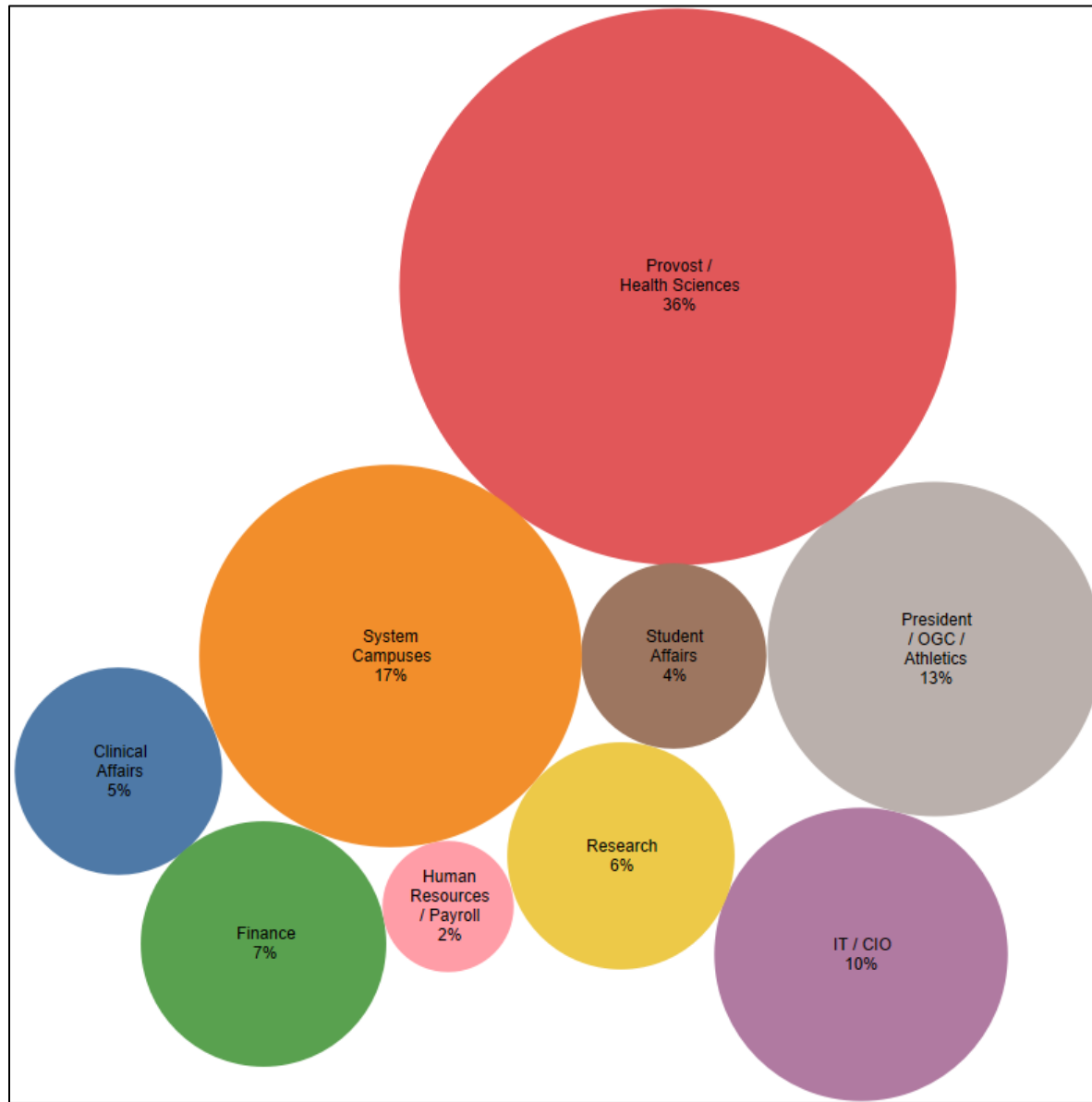
The proposed audit plan includes coverage of selected risks included on the Institutional Risk Profile as outlined in the table below.

Audit Coverage of Institutional Risks

Institutional Risk	FY25	Audit Plan Alignment
Campus Safety	X	Student Affairs Care Team; Lab Safety (Inclusive of BSL-3)
Crisis Management	X	Student Affairs Care Team
Cyber Security	X	Central Cloud Platform; Minnesota Supercomputing Institute; UServices IT; Clinical and Translational Science Institute IT; University of Minnesota Morris (UMM); Digital Identity Management (IAM Follow-up); CFANS Arboretum; College of Design; Center for Infectious Disease Research and Policy (CIDRAP); Biostatistics - School of Public Health; Psychology - CLA
Economic Conditions	X	Academic and administrative unit audits; Potential healthcare partnership reviews
Employee Retention & Morale	X	Unit audit surveys; Transition reviews
Enrollment Strategy	X	University of Minnesota Morris; Academic unit audits
Facilities & Maintenance	X	Lab Safety (Inclusive of BSL-3)
Leadership	X	All audit work includes some assessment of leadership and their establishment of an effective control environment.
Political	X	Partial coverage through audits in areas impacted by recent politics including: UMD International Programs and Services; Athletics (Select Administrative Processes); MN SSBCI Venture Capital Program; Center for Infectious Disease Research and Policy (CIDRAP); Student Affairs Care Team; Center for Urban and Regional Affairs (CURA)
Reputation	X	Athletics (Select Administrative Processes); Center for Infectious Disease Research and Policy (CIDRAP); CFANS Arboretum; UMD Rec Sports Outdoor Program (RSOP); MN SSBCI Venture Capital Program; Student Affairs Care Team
Research	X	Lab Safety (Inclusive of BSL-3); Neuroscience; Biostatistics - School of Public Health; Center for Infectious Disease Research and Policy (CIDRAP); Clinical and Translational Science Institute IT
Strategic Financial Planning & Budgeting	X	Purchasing (Select Administrative Processes); Partial coverage through multi-year financial reviews in all unit audits
Student Experience & Success	X	Student Affairs Care Team; Athletics (Select Administrative Processes); UMD International Programs and Services; UMD - Rec Sports Outdoor Program (RSOP)
Student Retention	X	Student Affairs Care Team; UMD International Programs and Services; UMD - Rec Sports Outdoor Program (RSOP); Partial coverage through enrollment reviews in all academic unit audits

The FY 2025 plan continues to provide well-balanced coverage across the University. The following chart shows the distribution of audit coverage by University component for FY 2025, based on the number of hours allocated to each component.

FY 2025 Audit Coverage by University Components



SUMMARY

The proposed FY 2025 internal audit plan rationally allocates the University's finite audit resources to a well-balanced portfolio of audits that address areas identified as being of significant risk, provides coverage across the breadth of the institution, and will provide information to help inform leadership and governance discussions. The plan also provides for additional flexibility to enable us to respond to fluctuations in staffing and potential emerging needs throughout the year, including potential changes to the University's healthcare partnerships.

INDEPENDENCE

The Office of Internal Audit's Charter, approved by the Audit & Compliance Committee and the Board of Regents in October 2023 states, "To provide for the independence of the Office of Internal Audit, the Board of Regents delegates directly to the Chief Auditor the authorities necessary to perform the duties set forth in the mission and scope of work. The Chief Auditor will have full and free access to the Board of Regents leadership and Audit & Compliance Committee," and "The Office of Internal Audit is to be free from undue influence in the selection of activities to be examined, the audit techniques and procedures to be used, and the reporting of its results."

There were no incidences during the year in which the independence or scope of internal audit work was restricted by the administration.

RELIANCE ON OTHER PROVIDERS

To avoid duplication of work and reduce the burden on University staff, we continue to place reliance on audit-related work performed by other service providers. We have relied on the external audit work performed by Deloitte, LLP in areas such as investments, annual external financial reporting, and RUMINCO (the University's captive insurance company). Deloitte, LLP historically also provided significant coverage of student financial aid as part of its Uniform Guidance Audit, and NCAA Agreed Upon Procedures, which we take into consideration in our risk assessment. We plan to continue to rely on external audit work going forward, which will now be provided by CliftonLarsonAllen, LLP who in December 2023 was selected to provide these services to the University following a competitive review process. CliftonLarsonAllen, LLP is under contract to provide these external audit services through 2027 with optional annual extensions to 2030.

We also rely on the audit work performed by external construction audit firms engaged by the University's Capital Planning and Project Management (CPPM) unit for construction projects that are delivered using the Design/Build or the Construction Manager at Risk delivery methods. We are in agreement with the scope of this audit work and receive and review copies of their reports.

COORDINATION WITH OTHER INTERNAL UNIVERSITY RESOURCES AND INITIATIVES

Compliance Partners

The Office of Internal Audit coordinates its work with other internal units to maximize the quality of audit coverage provided, as well as to promote prompt attention when University-wide trends are identified. We have established strong working relationships with the University's compliance partners, including: Risk Integrity and Compliance; the Human Research Protection Program; Health, Safety & Risk Management (including their Enterprise Risk Management function); University Information Security; the Health Information Privacy & Compliance Office; and the Office of the General Counsel. We work closely with each of these units during audits involving complex regulatory issues.

The Office of Internal Audit interfaces regularly with the Office of Institutional Compliance and we serve on the Executive Compliance Oversight Committee. Input from the Chief Compliance Officer is also solicited during our annual audit planning. In addition, throughout the year we report to and collaborate with the Compliance Officer on issues identified during our audits. We also share the results of employee surveys conducted during audits with the Chief Compliance Officer. Along with the Office of Institutional Compliance, we serve on the triage team for managing UReport, the University's anonymous hotline. We are also working with the Office of Institutional Compliance to ensure that duplication does not occur between their risk assessments and our audits. Both offices are committed to sharing information and leveraging each other's work as appropriate to optimize resource usage and reduce impact on units

involved. Finally, we continue to meet regularly with the interim Chief Compliance Officer and will continue to provide support to the Office of Institutional Compliance as they review their processes and prepare to hire a permanent Chief Compliance Officer.

Policy & Process Owners

Audit results are shared with policy owners and central support units such as the Office of Information Technology, Sponsored Projects Administration, the Controller's Office, and the Office of Human Resources when policy noncompliance or the need for process enhancements are identified. In addition, best practices identified in local unit audits are shared with these central unit process owners for consideration of broader adoption. We also have regular meetings with leadership and other representatives from these offices to discuss audit results and trends, changes in regulations, policy interpretations, etc.

Enterprise Risk Management and PEAK Initiatives

Enterprise Risk Management (ERM) and Positioned for Excellence, Alignment and Knowledge (PEAK) are two major initiatives with current and future impacts to the audit function in the years ahead.

In FY 2024 we helped coordinate with the ERM function the Audit & Compliance Committee's review of an updated Institutional Risk Profile, in alignment with Board policy assigning the Committee oversight of ERM. As noted above, we continue to work to ensure our audit plan remains in alignment with the highest risks identified through this process. In addition, ERM provided updates on their initial risk analyses to the Committee in May 2024. We expect ERM will work with University leadership and the Audit & Compliance Committee to periodically update the Institutional Risk Profile and we will ensure our audit work remains in alignment. In addition, we expect ERM to provide additional updates to the Committee on their structure and risk analyses as their processes mature.

The Chief Auditor is a member of the PEAK Steering Committee, which helps us ensure we stay abreast of the status of the initiative. As PEAK implementation continues and streamlines administrative activities, it will continue to affect various process audits, risk levels and audit scoping in some unit audits. It will also continue to impact the timelines of issue remediation as units elect to resolve issues identified in audits as part of broader PEAK efforts. In FY 2023 OIA implemented a regular report as part of our Internal Audit Activity update detailing issues management identified would be addressed as part of changes associated with PEAK. We continue to update and maintain this document and regularly present it to the Committee as part of regular Internal Audit Updates. As PEAK is more fully implemented, we will also consider adjusting our audit work to ensure ongoing optimization of audit coverage; we will keep the Committee informed of any significant trends as they emerge.

PROFESSIONAL STANDARDS

The Office of Internal Audit conducts its work in accordance with the Institute of Internal Auditors' ***Standards for the Professional Practice of Internal Auditing***. All audit staff are also required to comply with the Institute's ***Code of Conduct for Internal Auditors***.

The Institute of Internal Audit is in the process of updating these ***Standards*** with the changes scheduled to go into effect in January 2025. We plan to review these changes in FY 2025 and make any necessary updates to our internal processes and key documents after the completion of our External Quality Assurance Review (as detailed below). We will keep the Committee apprised of any pertinent changes to our processes and/or updates that may be required to the Office of Internal Audit's Charter.

INTERNAL QUALITY ASSURANCE PROGRAM

We have established an internal quality assurance program within the Office of Internal Audit. This program is structured around the robust supervision of audit staff and their work products and is supplemented with peer quality assessments. In addition, internal practices and tools are routinely evaluated for their effectiveness and efficiency and changes are made when potential improvements are identified. Our quality assurance measures throughout the year confirmed our practices met the requirements of our professional ***Standards***.

EXTERNAL QUALITY ASSURANCE REVIEW

Our professional standards require our audit practice to undergo an external quality assurance review every five years. Our most current external review was conducted in January 2020 and determined that 1) our work was in full compliance with the **Standards**, and 2) University management and the Board of Regents can appropriately rely on the assurance provided by the work performed by OIA. The review team commended the department for maintaining a very strong internal audit function that provides valued assurance services to a dynamic, diverse and complex institution. Our next external quality assurance review will be performed in FY 2025, with the external review team tentatively scheduled to be on campus in October 2024.

STAFF DEVELOPMENT, QUALIFICATIONS AND PROFESSIONAL INVOLVEMENT

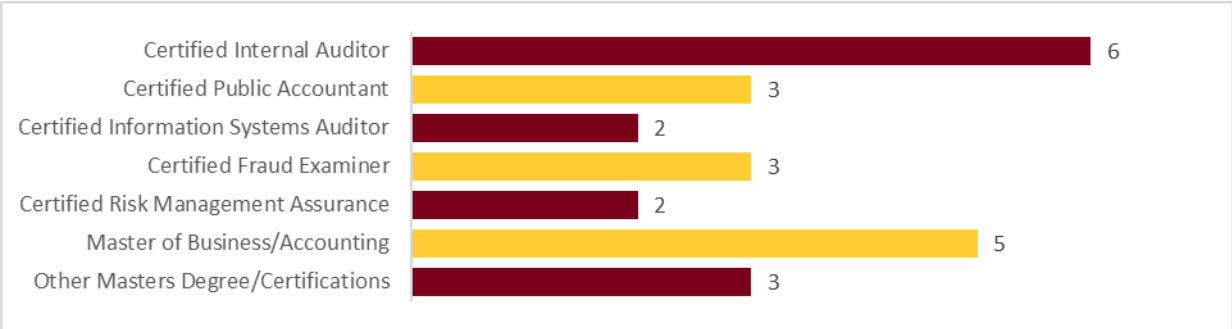
The Office of Internal Audit is committed to providing educational opportunities to our staff in order to continually enhance our audit knowledge and abilities. Ever-changing government regulations, new technologies, and new developments in auditing principles and methods dramatically affect not only what we audit, but how we audit. We strive to stay abreast of new developments and improve our audit proficiency to enhance the overall quality of our audits. To accomplish this, we pursue a variety of methods to continue our staff’s professional education. Our memberships with the Institute of Internal Auditors (IIA), the Association of College and University Auditors (ACUA), the Association of Certified Fraud Examiners (ACFE), the American Institute of Certified Public Accountants (AICPA), and the Information Systems Audit and Control Association (ISACA) provide staff members the opportunity to attend seminars and conferences that specifically address current issues and techniques in internal auditing. The interaction of our staff members with their peers through these professional organizations helps to keep us up-to-date on the latest auditing trends and issues affecting higher education.

In the first 9 months of FY 2024, the Office of Internal Audit provided approximately 1,100 hours of formal and informal training. For FY 2025, 1,160 hours have been budgeted for staff training. This ongoing training also provides the continuing professional development required to maintain the staff’s professional credentials.

All but three of our internal audit staff are professionally credentialed or hold advanced degrees. The remaining three have either been with OIA less than a year or are in the process of obtaining credentials. The number and combinations of certifications held by staff demonstrates a high-level of competency in the skills needed to provide quality audit work in the University’s complex environment.

Approximately
1,100 Hours of
Formal and
Informal Training

Certifications and Advanced Degrees Held by Internal Audit Staff



OFFICE OF INTERNAL AUDIT FY 2025 STAFFING

When fully staffed we have 16 auditors (9 financial/operational auditors, 2 IT auditors, 1 senior data analyst, 1 associate audit director, and 3 audit directors) in addition to the Chief Auditor. OIA experienced an unusually high level of turnover in FY 2022 and 2023, but this has somewhat stabilized in FY 2024 with the loss of only two auditors. While the market for auditors remains challenging, we are currently recruiting both the open IT auditor and financial auditor positions with the assistance of the Office of Human Resources' Talent Acquisition team. Our Audit Plan is built with the expectation that we will have hired both these positions by January 2025.

OFFICE OF INTERNAL AUDIT BUDGET STATUS

The Office of Internal Audit reallocations from FY 2022 and FY 2023 were restored for FY 2023 to partially address a longstanding structural deficit, but our allocation was reduced by small amounts again in FY 2024 and FY 2025. These reductions are consistent with those asked of all University units. However, we have no alternative revenue sources available and 95% of our expenses are salaries. In consultation with management and Board leadership, we plan to use carryforward balances accrued through previous years' salary savings associated with turnover to fund expected operational deficits in FY 2025. We plan to continue discussions with the administration on options for long-term funding solutions for a balanced budget.

We are receiving preliminary funding for a 3.00% merit pool compensation increase, which is consistent with the administration's expected pay plans.

We appreciate the thoughtful budgeting process, and the continued financial and operational support we receive from the administration.

AUDIT ASSESSMENTS FOR FY 2022 – 2024

APPENDIX A

Academic	Finance	Information Technology	System Campuses	Human Resources	Student	Other
Fiscal Year 2024						
<ul style="list-style-type: none"> ● Aerospace Engineering and Mechanics ● Clinical Affairs Centers and Institutes ● CLA-Dept. of Theatre Arts & Dance ● CLA-School of Music ● CDes Dean Transition Review ● CLA Dean Transition Review ● CSOM Dean Transition Review ● GPS Associate VP and Dean Transition Review ● Law School Dean Transition Review ● SPH Dean Transition Review IP Applied Econ/Environmental CFANS IP Biomedical Engineering IP College of Education and Human Development IP College of Pharmacy 	<ul style="list-style-type: none"> ● Gramm-Leach-Bliley Act (GLBA) ● OIB AVP CIO Transition Review 	<ul style="list-style-type: none"> ● NXT GEN MED ● OIT Server Admin IP HIPPA Governance and Oversight IP Firewall Management IP Central Cloud Computing IP Data Management 	<ul style="list-style-type: none"> ● UIMD Athletics ● UMD Facilities Management IP UMD Office of the Registrar 		<ul style="list-style-type: none"> ● NCAA Sport Compliance FY23 ● UMD Athletics IP NCAA Sport Compliance FY24 	<ul style="list-style-type: none"> ● Effort Management ● Chief Compliance Officer Transition Review ● Presidential Transition Review ● SVPFO Transition Review IP Parking and Transportation ● Ecostent ● Gift Testing ● Masonic Cancer Center ● Presidential Transition ● Global Programs and Strategy Alliance Transition
Fiscal Year 2023						
<ul style="list-style-type: none"> ● Veterinary Medical Center ● Civil, Environmental, Geo-Engineering ● Microbiology and Immunology ● UM Genomics Center ● Research Animal Resources ● Dean CBS Transition 	<ul style="list-style-type: none"> ● Energy Management - Finance 	<ul style="list-style-type: none"> ● Energy Management - IT 	<ul style="list-style-type: none"> ● UMD Dining Services ● UMD Information Technology Systems and Services ● UMD Chancellor Transition 	<ul style="list-style-type: none"> ● I-9 Temporary Process Compliance 	<ul style="list-style-type: none"> ● NCAA Sport Compliance FY22 ● Recreation and Wellness ● Student Disability Resources ● Athletic Ticket Office ● Boynton Health Services 	<ul style="list-style-type: none"> ● Community-University Health Care Center ● Bell Museum ● Horne! Institute ● Institute on the Environment ● Real Estate Office ● VP Research Transition ● VP Office of Equity and Diversity Transition ● VP University Services Transition ● VP University Relations and Interim VP University Services Transition
Fiscal Year 2022						
<ul style="list-style-type: none"> ● Graduate School ● School of Dentistry ● Scholarship Funding, Metrics & Outcomes ● COVID 19 Testing Contract ● MN Partnership for Biotechnology ● SPH - Health Policy & Management ● Industrial & Systems Engineering ● CSE Dean Transition ● HHH Dean Transition ● SPH Dean Transition ● Family Medicine & Community Health 		<ul style="list-style-type: none"> ● OIT Help Desk ● OIT Device Management ● Canvas & Unizin 	<ul style="list-style-type: none"> ● UMD Human Resources ● UMN Morris Chancellor Transition ● UMD Health Services ● UMD Chancellor's Unit 	<ul style="list-style-type: none"> ● Retirement Incentive & Hiring Freeze 	<ul style="list-style-type: none"> ● NCAA Eligibility Documents ● Housing & Residential Life 	<ul style="list-style-type: none"> ● COVID 19 Research ● Academic & Research Misconduct ● Employee Visa & Immigration Support ● University Emergency Funds
<div style="border: 1px solid black; padding: 5px; display: inline-block;"> <ul style="list-style-type: none"> ● Good ● Adequate ● Needs Improvement ● No Rating IP In Process </div>						

STATUS OF FY 2024 AUDIT WORK

APPENDIX B

Audits Completed

High Risk

eConsent

Effort Management

NCAA Compliance and Operations (M/W CC, M/W Outdoor Track and W Indoor Track)

NXT GEN MED

OIT Server Administration

Moderate Risk

Aerospace Engineering and Mechanics

Clinical Affairs Select Centers and Institutes

College of Liberal Arts (CLA) Dept. of Theatre Arts & Dance

College of Liberal Arts (CLA) School of Music

Gramm-Leach-Bliley Act (GLBA)

Masonic Cancer Center

UMD Athletics

UMD Facilities Management

Transition Audits

CDes Dean Transition Review

Chief Compliance Officer Transition Review

CLA Dean Transition Review

CSOM Dean Transition Review

GPS Associate VP and Dean Transition Review

Law School Dean Transition Review

OIB AVP CIO Transition Review

Presidential Transition Review

SPH Dean Transition Review

SVPFO Transition Review

Audits Expected to be Completed in FY 24

HIPAA Governance and Oversight

Parking & Transportation Services

Audits Started in FY 24 to be Completed in FY 25

In Progress

Biomedical Engineering

Central Cloud Computing

CFANS - Environmental Sciences, Policy, and Management

College of Education and Human Development

College of Pharmacy

Data Management

Firewall Management

NCAA Compliance and Operations – (M & W Hockey)

UMD Office of the Registrar

Audits Not Completed

Deferred to FY 2025

Student Affairs Care Team

Replaced

Minnesota Supercomputing Institute

Miscellaneous Audit Work

Bookstore Inventory

Gift Testing

2025 Internal Audit Plan

Office of Internal Audit

Board of Regents Audit & Compliance Committee
June 13, 2024



UNIVERSITY OF MINNESOTA

Driven to DiscoverSM

Topics

- FY 2024 Audit Results
- Risk Assessment and Plan Development
- FY 2025 Audit Plan
- ERM & PEAK
- Other Communications



2024 Audit Results

- 23 Audits Completed
 - 86% had satisfactory results
 - 14% need improvement
 - Results continue to demonstrate an overall culture of compliance and risk management
 - Note: 9 additional audits are in progress and expected to be completed in FY 2025
- 11 Investigations
- 2 SNAP Reviews Completed



Development of FY 25 Plan

Information Gathering

- Gathered key unit data
- Gathered key metrics
- Reviewed prior years' audit work

Risk Analysis

- Interviewed University leadership and other key staff
- Reviewed recent publications for University top risks
- Surveyed other research intensive Universities
- Reviewed federal agency audit priorities

Audit Plan Development

- Updated OIA risk model factors
- Developed audit plan based on interviews, data, resource availability and budget
- Ensured audit plan coverage aligns with the Institutional Risk Profile and MPact 2025

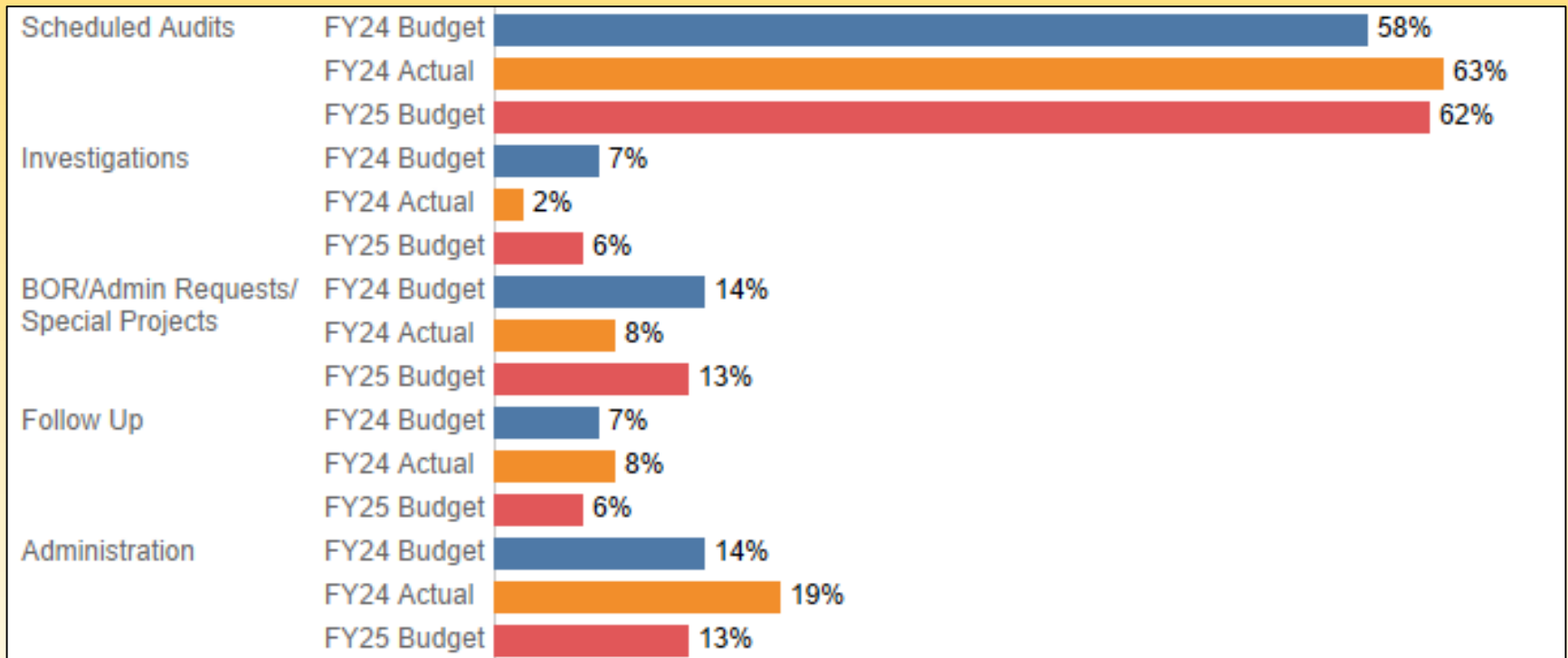
Communication

- Met with key personnel to discuss audit plan
- Discussed plan with President
- Review and discuss audit plan with the Audit and Compliance Committee



FY 2025 Allocation of Resources

COMPARISON OF AUDIT RESOURCES FOR FY 2024 AND FY 2025
Percent of Available Time

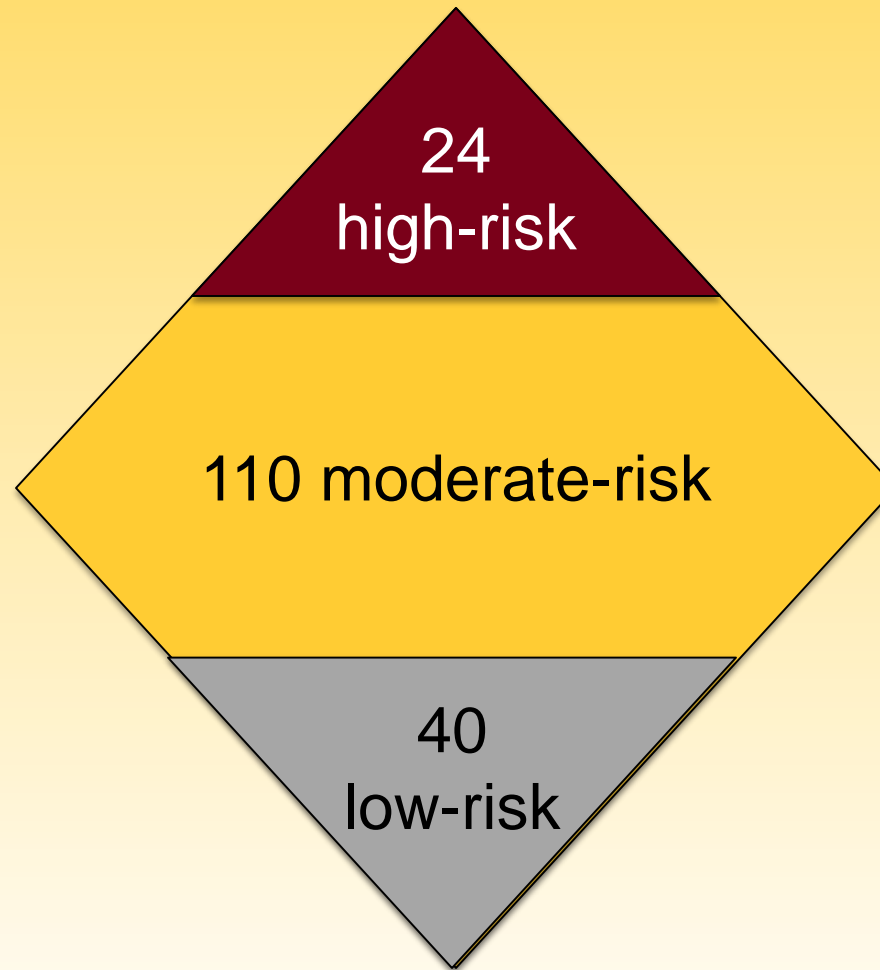


Deploying Audit Resources

- High-risk activities
- Major organizational components
- Institutional risk profile/risk mitigation plans
- Areas of strategic priority
 - Alignment to strategic plan
- BOR & Management requests



Unit Audit Universe



Key Themes Identified

- Healthcare Partnerships
- Enrollment & Finances
- Staffing: Leadership Turnover, Hiring and Workforce Challenges
- Information Security & Data Management
- Campus Safety
- Administrative Operations and Changes



FY 2025 Annual Audit Plan

Unit Audits

High Risk

- **Athletics (Select Administrative Processes)**
- UServices IT

Moderate Risk

- Biostatistics - School of Public Health
- Center for Infectious Disease Research and Policy (CIDRAP)
- **CFANS Arboretum**
- College of Design
- Electrical and Computer Engineering
- **Neuroscience**
- Psychology - CLA
- **UMD International Programs and Services**
- **UMD Rec Sports Outdoor Program (RSOP)**
- **University of Minnesota Morris**

Low Risk

- Center for Urban and Regional Affairs (CURA)



FY 2024 Annual Audit Plan

Process Audits

High Risk

- **Digital Identity Management (IAM Follow-up)**
- **Lab Safety (Inclusive of BSL-3)**
- **Purchasing (Select Administrative Processes)**

Moderate Risk

- **Clinical and Translational Science Institute IT**
- **MN SSBCI Venture Capital Program**
- **Student Affairs Care Team**



Audit Coverage of Institutional Risks

Institutional Risk	FY25	Audit Plan Alignment
Campus Safety	X	Student Affairs Care Team; Lab Safety (Inclusive of BSL-3)
Crisis Management	X	Student Affairs Care Team
Cyber Security	X	Central Cloud Platform; Minnesota Supercomputing Institute; UServices IT; Clinical and Translational Science Institute IT; University of Minnesota Morris (UMM); Digital Identity Management (IAM Follow-up); CFANS Arboretum; College of Design; Center for Infectious Disease Research and Policy (CIDRAP); Biostatistics - School of Public Health; Psychology - CLA
Economic Conditions	X	Academic and administrative unit audits; Potential healthcare partnership reviews
Employee Retention & Morale	X	Unit audit surveys; Transition reviews
Enrollment Strategy	X	University of Minnesota Morris; Academic unit audits
Facilities & Maintenance	X	Lab Safety (Inclusive of BSL-3)
Leadership	X	All audit work includes some assessment of leadership and their establishment of an effective control environment.
Political	X	Partial coverage through audits in areas impacted by recent politics including: UMD International Programs and Services; Athletics (Select Administrative Processes); MN SSBCI Venture Capital Program; Center for Infectious Disease Research and Policy (CIDRAP); Student Affairs Care Team; Center for Urban and Regional Affairs (CURA)
Reputation	X	Athletics (Select Administrative Processes); Center for Infectious Disease Research and Policy (CIDRAP); CFANS Arboretum; UMD Rec Sports Outdoor Program (RSOP); MN SSBCI Venture Capital Program; Student Affairs Care Team
Research	X	Lab Safety (Inclusive of BSL-3); Neuroscience; Biostatistics - School of Public Health; Center for Infectious Disease Research and Policy (CIDRAP); Clinical and Translational Science Institute IT
Strategic Financial Planning & Budgeting	X	Purchasing (Select Administrative Processes); Partial coverage through multi-year financial reviews in all unit audits
Student Experience & Success	X	Student Affairs Care Team; Athletics (Select Administrative Processes); UMD International Programs and Services; UMD - Rec Sports Outdoor Program (RSOP)
Student Retention	X	Student Affairs Care Team; UMD International Programs and Services; UMD - Rec Sports Outdoor Program (RSOP); Partial coverage through enrollment reviews in all academic unit audits



FY 2025 Audit Coverage by Major Component



The 2025 Audit Plan

- Provides reasonable audit coverage across all major University components
- Addresses risks currently impacting the University
- Addresses risk areas identified by the Board of Regents as important



ERM & PEAK

- ERM
 - Align audit work with ERM risk reviews, and updated Institutional Risk Profile Risks
 - Support ongoing establishment of function including administrative steering committee
- PEAK
 - PEAK Steering Committee participation
 - Monitor and report on PEAK impacts to audit work and follow-up remediation



Other Communications

- No impairments to independence in FY 24
- FY 25 External Quality Assurance Review & Changes to IIA Standards
- Highly professional staff
 - All but three are credentialed or have an Advanced Degree
 - Actively recruiting for two open auditor positions (1 Finance/Operations & 1 Information Technology)
- Internal Audit Budget Status





BOARD OF REGENTS DOCKET ITEM SUMMARY

Audit & Compliance

June 13, 2024

AGENDA ITEM: Consent Report

Review

Review + Action

Action

Discussion

This is a report required by Board policy.

PRESENTERS: Quinn Gaalswyk, Chief Auditor

PURPOSE & KEY POINTS

Engagements with External Audit Firms with a Value Greater than \$100,000

Deloitte & Touche LLP (Deloitte) has been jointly engaged by the University and Fairview Health Services (Fairview) to provide due diligence services, including high-level financial summaries and assumptions, in connection with the Letter of Intent between the University and Fairview. The related statement of work was reviewed by the Controller’s Office prior to its finalization, consistent with Board policy. This engagement does not present an independence issue with regard to Deloitte. The total fees for this engagement are estimated to be between \$250,000 and \$350,000, to be split equally between the University and Fairview. The University’s share of the cost is estimated to be between \$125,000 and \$175,000.

BACKGROUND INFORMATION

Board of Regents Policy: *Board Operations and Agenda Guidelines*, Section IV, Subd. 4, (g) requires Board approval of any engagements with external audit firms with a value greater than \$100,000.



BOARD OF REGENTS DOCKET ITEM SUMMARY

Audit & Compliance

June 13, 2024

AGENDA ITEM: Information Items

Review

Review + Action

Action

Discussion

This is a report required by Board policy.

PRESENTERS: Quinn Gaalswyk, Chief Auditor

PURPOSE & KEY POINTS

- A. Annual Report on Institutional Risk and Financial Reports
- B. Engagements Less Than \$100,000 Requiring After-the-Fact Reporting

Annual Report on Institutional Risk and Financial Reports

This report combines two previous Board reports—the Annual Insurance and Risk Management report and the Controller’s Semi-Annual report—into a consolidated format anchored within the Enterprise Risk Management (ERM) framework. This is the second time these reports have been combined. This year’s report includes updates from the first full year of implementation of the ERM program along with key finance reporting insurance updates. The report includes an overview of:

- The application of insurance towards risk reduction.
- Updates on active projects within the Office of Insurance.
- Overview of financial controls that currently exist to reduce the University’s potential exposure to fraud and resource mismanagement and specific compliance updates, such as the application of the Gramm-Leach-Bliley Act.

Engagements of Less Than \$100,000 Requiring After-the-Fact Reporting

The purpose of this item is to report engagements of less than \$100,000 with external auditors as required by Board policy:

- Deloitte & Touche LLP (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 regard to Deloitte. The fees for this engagement totaled \$16,000.
- Ernst & Young was engaged by the Office of the General Council to provide confidential legal services. This engagement did not present an independence issue with regard to Ernst & Young. The fees for this engagement totaled \$2,140.

BACKGROUND INFORMATION

The Report on Institutional Risk and Financial Reports is delivered annually as required by Board of Regents Policy: *Board Operations and Agenda Guidelines*, Section IV, Subd. 4.

Engagements with external audit firms with a value less than \$100,000 are reported after the fact to the committee as required by Board of Regents Policy: *Board Operations and Agenda Guidelines*, Section IV, Subd. 4, (g)

Annual Report on Institutional Risk and Financial Reports

Enterprise Risk Management (ERM) at the University:

As part of the MPact 2025 strategic plan, the University committed to implementing Enterprise Risk Management (ERM) across the system as a means to identify, assess, and manage risk. ERM can help the University proactively navigate a volatile, uncertain, complex, and ambiguous environment while protecting its decentralized, collaborative, and entrepreneurial culture. The University’s ERM program is designed to be a strategic tool used by leaders that doesn’t stifle or prevent activities within the University’s risk tolerance.

The ERM group along with consultants from Baker Tilly engaged stakeholders across the institution to identify and define key risks and to create the University of Minnesota Institutional Risk Profile as pictured below. The ERM group selected three initial risks for in-depth analysis in consultation with the Executive Oversight Compliance Committee (EOCC). Those three key risks are *Crisis Management*, *Leadership*, and *Facilities & Maintenance*.

MPact 2025 Systemwide Strategic Plan				
1. Student Success	2. Discovery, Innovation & Impact	3. MNtersections	4. Community & Belonging	5. Fiscal Stewardship
Enrollment Strategy	Political	Cybersecurity & Privacy	Campus & Public Safety	Facilities & Maintenance
Student Retention	Research	Reputation	Crisis Management	Economic Conditions
Student Experience & Success		Leadership	Employee Retention & Morale	Strategic Financial Planning & Budgeting

Although the risk assessments and mitigation plans for the initial risk deep-dives are in process at the time of this report, they have already uncovered common themes among the many groups that ERM interviewed.

Crisis Management. Defined as the risk that during and after a crisis, the University's response could become chaotic and disjointed exacerbating the impact of the crisis. There are several key themes that were identified during the crisis management risk assessment including:

- The University staff responsible for managing crises are experienced and capable.
- We believe appropriate continuity and emergency plans and response frameworks exist with the COVID pandemic providing excellent training opportunities.
- A unified command during a crisis is not always supported due to the University’s decentralized nature. This is compounded by the tendency for communication to be siloed.

- We noted that plans may not be effective due to lack of awareness or practice.
- Leadership transitions lead to gaps in crisis management knowledge and decision making.
- Finally, notification and data sharing expectations from the public can lead to frustration.

Leadership: Defined as the potential hazards and uncertainties associated with the transition, effectiveness, integrity, and strategic direction of leadership within the University. Key themes in this risk assessment include:

- The University continues to be a desirable destination for senior leaders.
- Succession planning does not consistently occur at the University. This leads to continuity of leadership issues and challenges maintaining momentum during transition.
- Leadership competencies can be less influential in the selection of leaders than technical/academic competencies.
- There are inconsistent or ineffective responses to struggling leaders.
- Onboarding processes are inconsistent and the complexity of the University and emphasis on relationships means longer wait times for new leaders to become fully effective.

Facilities & Maintenance: Defined as the potential hazards and uncertainties associated with the operation, management, and upkeep of physical assets, infrastructure, and facilities within the University. Key themes in this risk assessment include:

- Highly skilled employees are a key reason that buildings, labs, and classrooms maintain their functionality.
- Funding is the main challenge creating a steep backlog of deferred maintenance.
- There are “have and have not” groups within campuses and across the state.
- The high volume of older buildings makes renovating and upkeep very challenging; minor projects can invoke numerous code requirements.
- Matching facility and space needs to changing student numbers and expectations is challenging. Transitioning space to become more flexible is expensive, creating space inefficiencies (outdated spaces that don’t meet today’s needs).

The following report utilizes the ERM framework to highlight work underway at the University aimed at reducing the institutional risk profile in a broad sense. The focus in this report is on controls or risk responses designed to mitigate the financial impact of the broad array of risks facing the institution. There are layered strategies currently at work to mitigate financial risk including preventative and corrective controls. One is the implementation and continued monitoring of strong internal financial controls. Another is the transfer of financial risk via insurance. These controls limit both the likelihood and impact of a variety of potential risk

events. Below is a summary of insurance related activity and financial control mechanisms aimed at reducing the University's vulnerability through proactive business practices.

Management and Funding of Risk

ERM includes identifying, assessing, and quantifying and planning funding for the financial consequences of adverse events. The Office of Insurance performs this function. It:

- Acts at the direction of University Finance to manage insurable risks
- Provides consultation to University units and departments
- Identifies, analyzes, contractually treats, transfers and mitigates liability and property risks through the purchase of insurance;
- Manages the University's self-insured Workers Compensation program
- Manages the University's captive insurance company RUMINCO Ltd.
- Manages the services and activities of insurance and claims vendors and suppliers

Financial Consequences of Risk

The financial consequences of risk may be Retained or Transferred.

- Risk retention (often called "self-insurance") is characterized by the assumption (retention) of financial risk consequences. This retention ranges from the cost of a deductible to carrying no insurance whatsoever. Optimally, risk retention is the result of identification and analysis of risks that lead to an informed choice.
- Risk transfer is characterized by the passing of the financial consequences of risk to a third party (typically an insurer) via purchase of a contract (typically an insurance policy) that specifies the terms and conditions of the transfer.

The University handles the adverse financial consequences of its risks as follows:

- Primary Liability – Transferred to captive insurer (RUMINCO, Ltd.)
- Property Deductible – Indemnified by RUMINCO, Ltd.
- Workers' Compensation – Retained; Self-insured on a pay-as-you-go basis
- Excess Liability – Transferred to commercial insurers
- Property and Miscellaneous Insurance – Transferred to commercial insurers

Risk Transferred to RUMINCO, Ltd.:

RUMINCO Ltd. (Regents of the University of Minnesota Insurance Company) is a captive insurance company and a wholly owned subsidiary of the University of Minnesota. RUMINCO was formed in 1978 in response to the unavailability of medical malpractice insurance in the standard market. RUMINCO activity has since expanded and now includes these risk categories:

- General Liability
- Professional Liability (primarily medical malpractice)
- Automobile Liability
- Non-Profit Organization Liability (employment claims)
- Cyber Liability
- Property Deductible

For almost half a century, RUMINCO has proven itself to be a useful risk funding tool for the University. It is a formalized, disciplined way to finance risk, yet retains flexibility, and provides long-term stability.

Risk Retained by the University:

Workers' Compensation benefits are mandated and governed by Minnesota statute. Benefits include medical costs, wage loss and retraining costs for University employees who are injured while acting in the scope of their duties. The University is a qualified self-insurer under Minnesota law, assuming liability up to \$2,000,000 in any one Workers' Compensation occurrence. The Workers' Compensation Reinsurance Association (WCRA), an excess insurer for catastrophic claims created by the State of Minnesota, insures individual losses that exceed \$2,000,000. Due to the large numbers of relatively small claims, the aggregate annual cost of benefits is predictable and amenable to a pay-as-you-go, retained cost approach.

Risk Transferred to Commercial Insurers:

Reasons to commercially transfer risk include:

- High dollar loss exposures would be difficult or impossible to self-fund
- A low cost to transfer the risk to third parties
- Requirements for insurance imposed by third parties

Ongoing Projects:

The Office of Insurance works with our property insurer and various units and departments to mitigate critical risk.

- Flood risk to our facilities on the Mississippi River
 - Flood damage to our cogeneration and steam facilities could cause major and prolonged utility outages and threaten mission continuity. We are working with Energy Management and our property insurer to minimize the impacts of river flooding.
- Fire exposure to our library collections stored in caverns
 - We have hundreds of millions of dollars worth of collections in storage. We are working with Libraries, CPM, Codes, outside engineers and our property insurer to implement cost-effective fire containment improvements.

Developing Risk:

- We have recently seen efforts by local law firms to classify our scholarship student athletes as "employees" with the goal of tapping Workers Compensation benefits.

Erosion of the historical delineation between students and employees would have broad and expensive repercussions.

Internal Controls in the University's Financial Reporting

Another important element in effective risk management is a sound internal control structure over financial reporting. Board of Regents Policy: *Internal Controls* establishes that the COSO Integrated Framework of Internal Controls will be the internal control model for the University. A good internal control environment provides safeguards against financial losses due to errors, fraud or theft. It also contributes to timely, accurate, and complete financial reports which are relied on for monitoring, oversight, and decision making.

The University's financial reporting control structure is built through a network of interactions between people and processes. It is necessary to create a framework from which University staff execute activities with financial impact that supports stewardship of University resources, transparent financial reporting, and ensure compliance with University and external requirements.

Control environment: The Board of Regents along with Senior Leadership set the tone of the control environment by setting the direction of the University with their standards of conduct and expectation setting for adherence as such by others. The control environment drives the behavior of those transacting on behalf of the University and sets the tone for University staff in how day-to-day operations are executed. As noted above, the Board's adoption of the COSO Internal Control Framework has been an important step in setting the proper tone.

Risk assessment: Assessment of the University's financial risk helps inform the need or relevance for policies and procedures.

- Potential for fraud: Assessment can guide the need for oversight or key controls.
- Safeguarding of assets: With a balance of \$8.6 billion in total assets, the internal control framework works to protect those assets and ensure usage in alignment with the University's mission of education, research and public outreach.
- IT Systems: The University's financial reporting is driven by a network of information technology systems. In many instances, they are fully integrated in an automated manner. In some instances, ancillary systems are used and require some manual intervention, such as the recording of financial transactions as journal entries.
- Reporting requirements: The University has extensive external reporting requirements, including those of the Governmental Accounting Standards Board, Integrated Postsecondary Education Data System (IPEDS), Composite Financial Index (CFI) and others. Compliance with the various reporting requirements supports the financial reputation of the University.
- Areas of expertise: Areas of expertise allow for subject matter experts to provide a deeper level of technical understanding.

- Sponsored Financial Reporting: A team is dedicated to ensuring key activities related to sponsored awards are carried out such as financial reporting and invoicing, award closeout and coordination of audits.

Board policies: Provide guiding principles for the University from which administrative policies are created for alignment to ensure alignment with University mission and vision.

Administrative policies: Administrative policies provide University staff with the requirements and expectations as to what types of activity are allowable, required, or prohibited.

Control Procedures or Programs: Create specific guidance regarding the execution of specific types of transactions. These often drive specific internal control activities.

- Preventative controls:
 - Access to certain systems is granted based on predetermined requirements, such as training and relevant job duties.
 - Approvals: Provide oversight at the most granular level to ensure activities are in alignment with the University mission, policies, and procedures. Approval responsibilities are determined based on perceived risk and dollar thresholds and may include departmental, central, or other leadership approvals.
 - Financial system edits provide checks to ensure expenses are recorded consistent with budgeted plans.
- Detective or Monitoring activities:
 - Any unit desiring to conduct external sales activity must obtain initial approval for the general sales activity. The University would be unfairly competing with the public sector by leveraging state/federal supported infrastructure to sell goods/services or unmanaged risks related to insurance, tax liability, etc.
 - Query transactions from EFS comparing description of good/service with tax being charged, review with Tax Management Office (this is a manual review after data is queried).
 - Departments are required to review payroll verification reports to ensure proper payroll payments.

Two key control programs at the University address the Gramm-Leach-Bliley Act, as well as Payment Card Industry Data Security Standards (PCI DSS) Compliance.

Gramm-Leach-Bliley Act: The University is required to comply with the Gramm-Leach-Bliley Act (GLBA), which requires institutions that provide financial products such as loans to explain their information-sharing practices to their customers and to safeguard sensitive data. The regulations create minimum standards that the University must meet. As required, the University has implemented a comprehensive information security program (ISP) to put controls in place that address the required elements.

- Qualified Individual: The Controller's Office has identified a qualified individual, referred to as the Coordinator, responsible for the implementation and supervision of the ISP.
- Risk assessment: The Coordinator performs an annual risk assessment of the program to determine compliance with the safeguards rule. This assessment is based on business and administrative unit certifications and central IT risk management. In addition, each college or major administrative unit must identify and assess reasonably foreseeable external and internal risks to the security, confidentiality, and integrity of covered information that could result in the unauthorized disclosure, misuse, alteration, destruction, or other compromise of such information. Each unit must assess the sufficiency of any safeguards in place to control these risks.
- Design and implementation of safeguards: Each college or major administrative unit with customer data must design and implement safeguards to control the risks identified in assessments and to regularly test or otherwise monitor the effectiveness of such safeguards.
- Monitoring and testing of safeguards: Testing and monitoring may be accomplished through existing network monitoring, problem escalation procedures, and other data management practices.
- Staff training: As part of risk assessment and evaluation, each college or major administrative unit evaluates the effectiveness of staff training.
- Monitoring of service providers: The Coordinator works with the Office of General Counsel (OGC) to develop and incorporate standard contractual provisions for service providers that will require providers to implement and maintain appropriate safeguards. In conjunction with OGC and Purchasing Services, the Coordinator will assist in instituting methods to select and retain only those service providers capable of maintaining appropriate safeguards for customer information to which they will have access. Additionally, the Coordinator will work with UIS to ensure Risk Assessments have been completed for third party service providers to assess the service provider based on the risk they present and the adequacy of their safeguards.
- Maintain a current ISP: The current ISP is available on the Controller's Office website and was last updated in October of 2023.
- Written incident response plan: The GLBA ISP includes an Incident Response Plan template. Each college or major administrative unit with customer data is required to complete this template and update it annually. This template defines incident, documents local and system-wide contacts, and provides directions for invoking the University's incident response through UIS.
- Annual reporting to the Board of Regents: An amendment to the rules was issued in 2023, taking effect this spring requiring annual reporting to the Board. The Office of Internal Audit completed an audit of the University's current environment in anticipation of the new rules and found that the Controller's Office has developed a control environment and a system of internal control that addresses most major compliance risks surrounding GLBA compliance management. The University's GLBA program was established in alignment with new requirements by working with affected units to create systems that generally meet processes and documentation. Additional steps will be

needed by units to ensure all risks are addressed in the safeguarding and confidentiality of customer information held by the University.

PCI DSS Compliance: The ability to accept payment cards is a valuable tool for University departments, but it also creates risk. The University has a mature program for managing compliance with the PCI DSS. Threats, technology, and the PCI DSS requirements themselves are continually changing and the University and departments that accept payment cards must stay vigilant in order to minimize the risk of a data breach and its associated costs.

A PCI DSS Compliance Analyst in the Controller's Office works in conjunction with staff from University Information Security and an external Qualified Security Assessor (QSA) to manage the program. The program includes a comprehensive policy and set of procedures, annual training, on-site visits of merchant locations, review of compliance documentation from third-party providers, and scanning and testing of systems involved in payment card processing. Annually the QSA completes an external review of the University's compliance with PCI DSS.