



Audit & Compliance Committee

October 2024

October 10, 2024

8:00 AM

Boardroom, McNamara Alumni Center

AUD - OCT 2024

1. Discussion of Approval Requirements for Engagements with Auditors

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BOARD OF REGENTS DOCKET ITEM SUMMARY

Audit & Compliance

October 10, 2024

AGENDA ITEM: Discussion of Approval Requirements for Engagements with Auditors

Review Review + Action Action Discussion

This is a report required by Board policy.

PRESENTERS: Quinn Gaalswyk, Chief Auditor
Mollie Viola, Controller

PURPOSE & KEY POINTS

The purpose of this item is to discuss potential policy changes related to the approval requirements for engagements with the University’s principal external auditor and with audit firms other than the University’s principal external auditor. The potential changes would modify the current Board approval threshold as defined in Board of Regents Policy: *Board Operations and Agenda Guidelines*, Section IV, Subd. 4:

(a) Oversight of the Independent Auditor... The committee shall approve in advance all audit and non-audit services provided by the independent auditor with a value greater than \$100,000 or that may impair the audit firm’s independence regarding the University. Such impairment of independence is currently limited to prohibited non-audit services as defined in the United States General Accounting Office Government Auditing Standards. Engagements not requiring approval by the Board shall be reported to the Audit & Compliance Committee at the next scheduled meeting of the committee...

(g) Approval of Engagements of Audit Firms Other Than the University's Principal External Auditors. The Audit & Compliance Committee shall approve all engagements of external audit firms to perform work or provide services with a value greater than \$100,000 or that may impair the audit firm's independence regarding the University. Such impairment of independence is currently limited to prohibited non-audit services as defined in (a) of this section. Engagements not requiring approval by the Board shall be reported to the committee at the next scheduled meeting of the committee.

In light of the Board’s discussion of other approval thresholds last spring, the chief auditor and the administration reviewed the current language and considered whether those approval thresholds still provide meaningful oversight for the committee. Based on that analysis, the chief auditor and the administration would recommend making the following changes to the approval thresholds.

University's Principal External Auditor

- Simplify the current threshold to require any engagement that may impair the principal audit firm's independence be approved in advance by the Board. This would eliminate the dollar threshold since determining impairment is not impacted by the actual dollar amount of the contract.
- Engagements not requiring Board approval would still be reported to the committee at its next scheduled meeting as an information item.

Other External Auditors

- Eliminate the current approval threshold. This would include the elimination of both the dollar threshold and impairment threshold.
- Engagements with other external auditors would still be reported to the committee at its next scheduled meeting as an information item.

Additional information on the proposed changes including peer information is included in the docket.

The proposed changes are intended to assist the committee with its oversight role of ensuring independence is not compromised at an institutional level and balance the approval and reporting of engagements with all external audit firms. The changes would also provide clarification in alignment with the current application of the policy.

If the Audit & Compliance Committee is supportive of these changes, the proposed language will be added to other committee adjustments currently under consideration by the Governance & Policy Committee.

BACKGROUND INFORMATION

After the enactment of the Sarbanes-Oxley Act of 2002, the University determined that it was not legally required to comply with the Act. However, the Board and the administration implemented certain procedures as a matter of best practices to provide oversight in ensuring independence is not improperly impaired during engagements with audit firms. This included the approval of engagements that were over \$100,000 or those that would impair the audit firm's independence.

Discussion of Approval Requirements for Engagements with Auditors

Objective

In light of the Board's discussion of other approval thresholds last spring, the chief auditor and the administration reviewed the current language and considered whether those approval thresholds still provide meaningful oversight for the committee. Based on that analysis, the chief auditor and the administration would recommend making the following changes to the approval thresholds. Proposed changes are intended to assist the Audit & Compliance Committee with its oversight role of ensuring independence is not compromised at an institutional level and balance the approval and reporting of engagements with all external audit firms. The changes will also provide clarification in alignment with the current application of the policy.

Background

During the performance of procedures for attest engagements, auditors must be objective and able to apply professional skepticism to ensure the integrity of an unbiased report. This is accomplished in large part by the firm maintaining its independence. Attestation engagements include those that issue a report that provides various levels of assurance or a report of findings noted. However, not all engagement types constitute attest work requiring independence.

After the enactment of the Sarbanes-Oxley Act of 2002, the University determined that it was not legally required to comply with the Act. However, the Board and the Administration implemented certain procedures as a matter of best practices to provide oversight in ensuring independence is not improperly impaired during engagements with audit firms. This included the approval of engagements that were over \$100,000 or those that would impair the audit firm's independence.

Proposed Changes

Current policy requires the review and approval of engagements with audit firms that are over \$100,000. However, changes are proposed to eliminate this requirement because the risk of impairing the University's principal auditor are not directly related to the dollar value of the contract. Furthermore, there has been past confusion over the role of the Audit & Compliance Committee versus the Finance & Operations Committee's role with respect to auditor contracts, in part because of the use of differing dollar amounts for approvals by each committee. The Audit & Compliance Committee would continue to be informed of engagements with audit firms, while reducing the approval requirements.

The following is a summary of proposed changes related only to the review of engagements with the University's principal audit firm:

- Elimination of the requirement for engagements with the University's principal external audit firm that are over \$100,000 to be approved by the committee.
- The committee would continue to review and approve any engagements that may impair the principal audit firm's independence, irrespective of dollar value.
- Impairment risks are mitigated by administrative policy, which requires that proposed contracts must be reviewed by the Controller's Office for possible impairment of independence concerns relative to University of Minnesota audits.
- Board review and approval requirements for purchases of goods and services would apply to engagements for services of \$5,000,000 or more.
- Additional edits are proposed to provide clarity regarding what types of services would be expected to be reviewed and approved by the committee in advance.

The following is a summary of proposed changes related to the review of engagements of audit firms other than the University's principal external audit firm.

- Eliminate the requirement for engagements with firms other than the University's principal external auditor that are over \$100,000 to be approved by the committee.
- Reporting would be required at the next scheduled meeting of the committee as an information item.
- Impairment risks are mitigated by administrative policy, which requires that proposed contracts must be reviewed by the Controller's Office for possible impairment of independence concerns relative to University of Minnesota audits.
- Board review and approval requirements for purchases of goods and services would apply to engagements for services of \$5,000,000 or more.

Benefit of Changes

The proposed changes would ensure the Audit & Compliance Committee continues to approve any engagements with the University's principal external auditor that might create an impairment of independence, while eliminating approval of engagements with firms that have limited to no risk of impairment. Engagements with firms other than the University's principal external auditors are typically audit services smaller in scope (noninstitutional) and/or nonaudit services which do not require independence.

Examples Under Current Requirements:

The following is a summary of engagements the Audit & Compliance Committee reviewed and approved during the fiscal years 2020 through 2024.

December 2023: CliftonLarsonAllen LLP was engaged by the University of Minnesota Center for Farm Financial Management to complete a SOC2 examination for \$135,000, which requires the

audit firm to be independent; and therefore, does not impair independence. Under the proposed changes, this would be reported to the committee at the next scheduled meeting. Approval would not be required.

June 2024: Deloitte & Touche LLP was 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 University's share of the cost was estimated to be between \$125,000 and \$175,000. This would require the audit firm to be independent; and therefore, does not impair independence. Under the proposed changes, this would be reported to the committee at the next scheduled meeting. Approval would not be required.

August 2021: KPMG LLP was engaged to provide consulting and support services to the PEAK initiative for \$250,000. The engagement was approved by the Board of Regents, and subsequently reported to the committee. While consulting work can impair independence, this engagement did not cause an impairment issue as KPMG does not provide audit services to the University on the same subject matter and approval would not be required.

Peer Institutions

Compared to peer institutions, the University of Minnesota appears to take a more conservative approach to the review and approval of engagements with audit firms. Several institutions only review as part of their respective processes to approve purchases of goods and services. Some institutions do not have an opportunity to appoint their external audit firm and are required to engage their state or state-appointed auditor. In an informal survey of peer institutions, only one responded with a requirement for review and approval of engagements based on a dollar threshold by an audit committee.



BOARD OF REGENTS DOCKET ITEM SUMMARY

Audit & Compliance

October 10, 2024

AGENDA ITEM: Overview of University Risk Management and Insurance Programs

Review

Review + Action

Action

Discussion

This is a report required by Board policy.

PRESENTERS: Michael Volna, Interim Vice President, Interim Chief Financial Officer, and Interim Treasurer
Steve Pardoe, Director, Office of Insurance

PURPOSE & KEY POINTS

The purpose of this item is to provide an overview of the University’s insurance programs.

An effective insurance program is one aspect of a broader risk framework, such as the Enterprise Risk Management Program (ERM). The University has a comprehensive property, casualty, and liability program that is aligned with and complements the University’s new ERM program. Within ERM, insurance is a mechanism for transferring the monetary consequences of negative risk outcomes to a third party.

The University’s program relies on both the transfer of risk to outside insurance companies, as well as risk retention—the acceptance of some financial impact. For FY 2023, the total cost of risk to the institution was \$20,665,000, which included self-insurance losses, insurance premiums, and deductibles paid.

The presentation will review the University’s structure and risk financing approaches, examples of best practices that have been implemented, and emerging risks.

Overview of University Risk Management and Insurance Programs

Michael Volna, Interim Vice President and Chief Financial Officer
Steven Pardoe, Director, Insurance

Audit & Compliance Committee
October 10, 2024

SENIOR VICE PRESIDENT FOR FINANCE AND OPERATIONS

World Class Services for a World Class University



Enterprise Risk Management

- ERM provides a framework for managing risk
- An insurance program is one element of an ERM program



University ERM Risk Profile, 2023 - 2024



- Items in **blue** denote first ERM areas subjected to in-depth analysis
- Risks # 2, 3, and 14 overlap with our current insurance programs

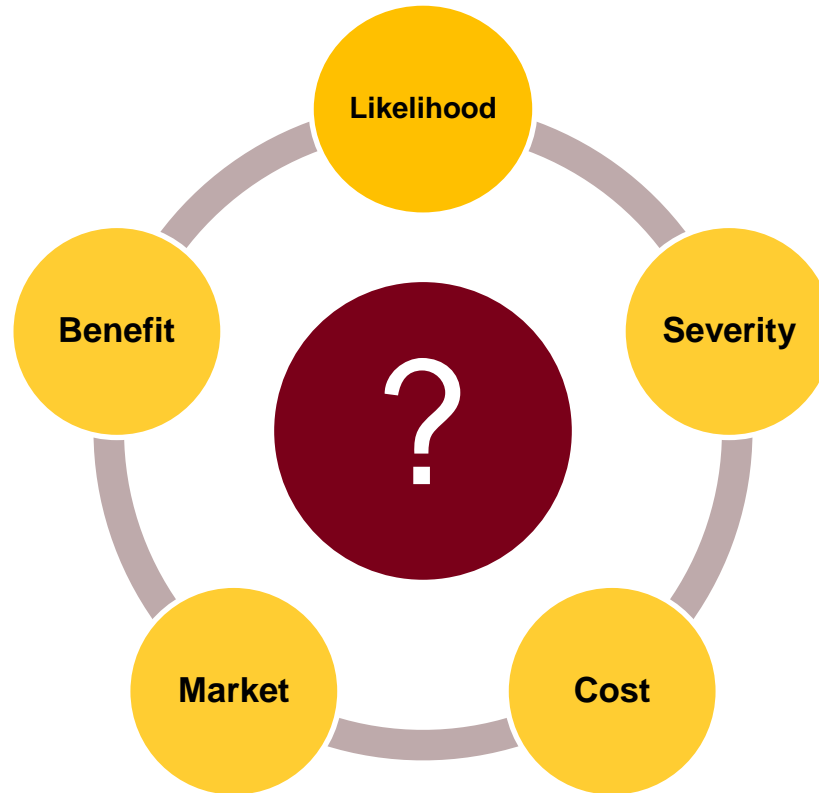


Insurance as a Risk Management Tool

Insurance is a financing tool for transferring the monetary consequences of various risks to a third party

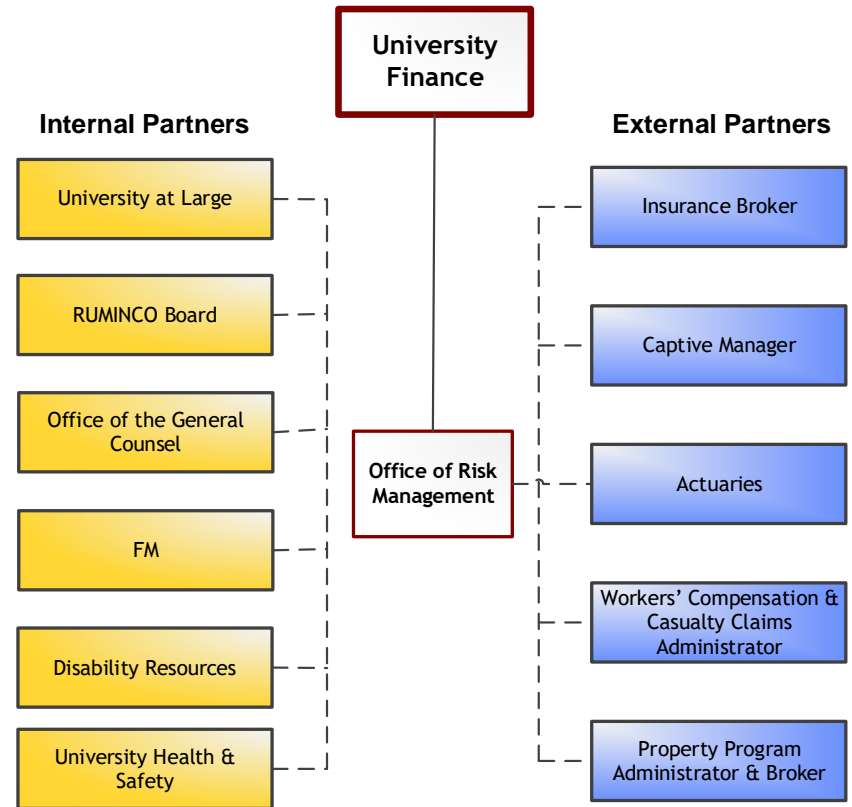


Retain vs Transfer Risk: Factors to Consider

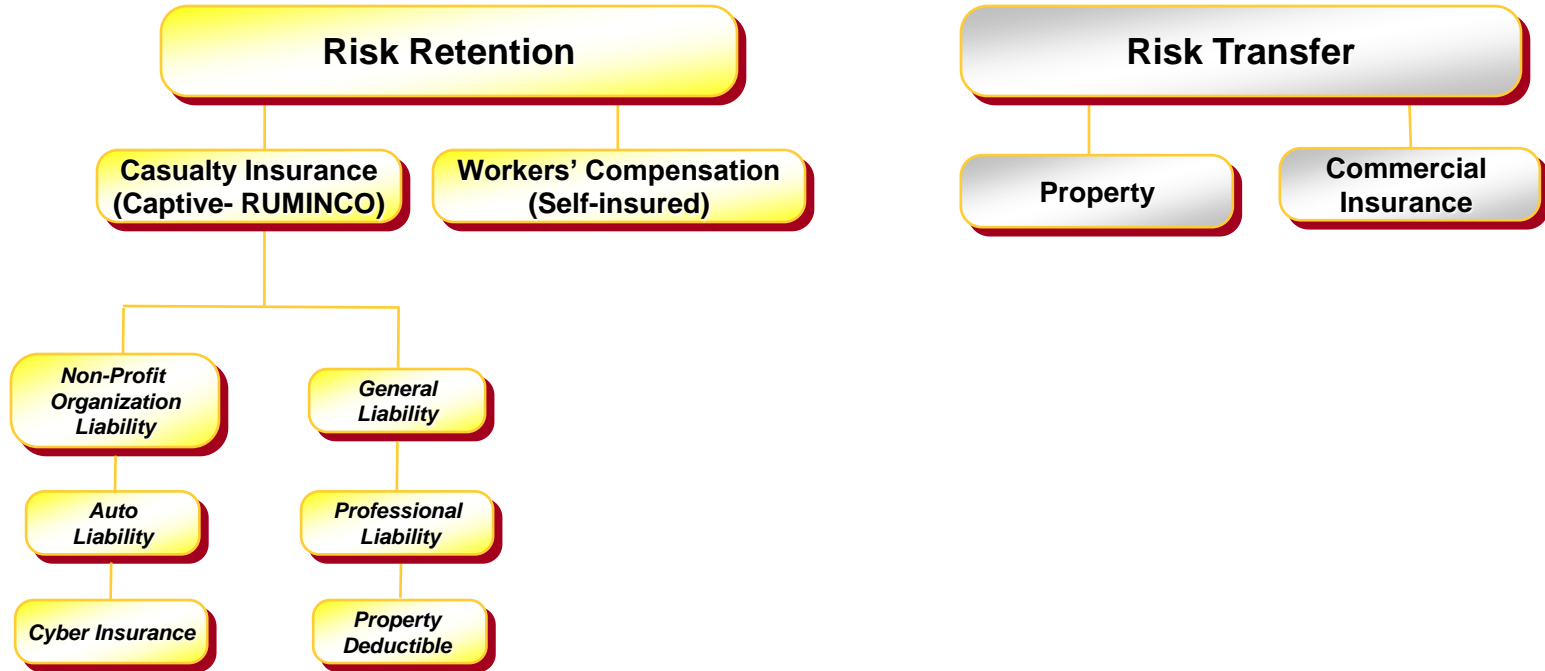


Insurance & Risk Financing Ecosystem

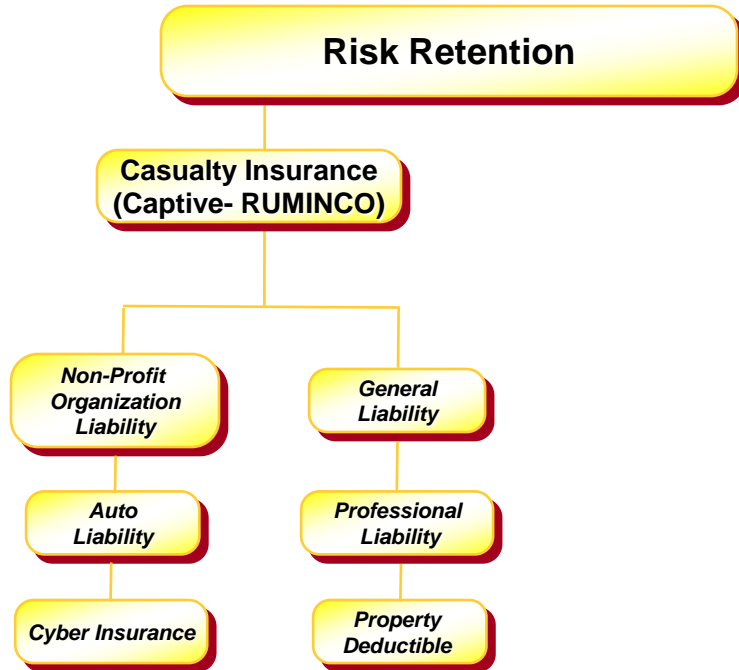
- Led by a staff of 4 insurance professionals
- Coordinates risk identification, assessment, and mitigation with a network of internal and external partners
- Result – effective and affordable risk financing program



Elements and Structure of UMN Risk Financing Program



Captive Insurance: RUMINCO, Ltd



- Wholly owned company controlled by the University
- No profit motivation
- Interests 100% aligned with those of the owner
- In all other respects, behaves like a commercial insurance company



Workers Compensation



- Statutory Obligation
- Employers required to pay lost wages, medical expenses, and retraining costs arising directly from:
 - Workplace injury
 - Workplace illness
- UMN is permitted by the State to self-insure
- 3rd party administrator handles UMN claims



Property Insurance

- Insurance through FM Global
- Covers ~ \$18 billion in UM property systemwide
- Transfers risk of property losses that could not be absorbed by UMN



Proprietary Commercial Insurance

- Mitigation against big and/or unique risk exposures:
 - Big: excess general & auto liability insurance
 - Unique: Blue Heron research vessel, Non-owned aviation, autonomous research vehicle
 - Big and unique: student-athlete medical insurance, foreign clinical trials, workers comp exposure outside of Minnesota



Risk Management and Mitigation: Table Saws

- Replaced ~20 conventional table saws with SawStops
- Safety of SawStops reduces risk of injury
- Positively impacts workers compensation claims



Risk Management and Mitigation: Light Duty Return to Work

- Structured program to gradually returning injured employees to the workplace
- Research shows this is a best practice
- Piloted in coordination with Disability Services
- Successful, despite narrow applicability



Risk Management and Mitigation: Physical Plant Loss Control

- Proactively identify and mitigate conditions which may lead to property loss
- Partnership between UMN and FM Global Insurance
- Examples:
 - Building sprinkler pumps
 - Flood mitigation
 - Anderson Cavern storage

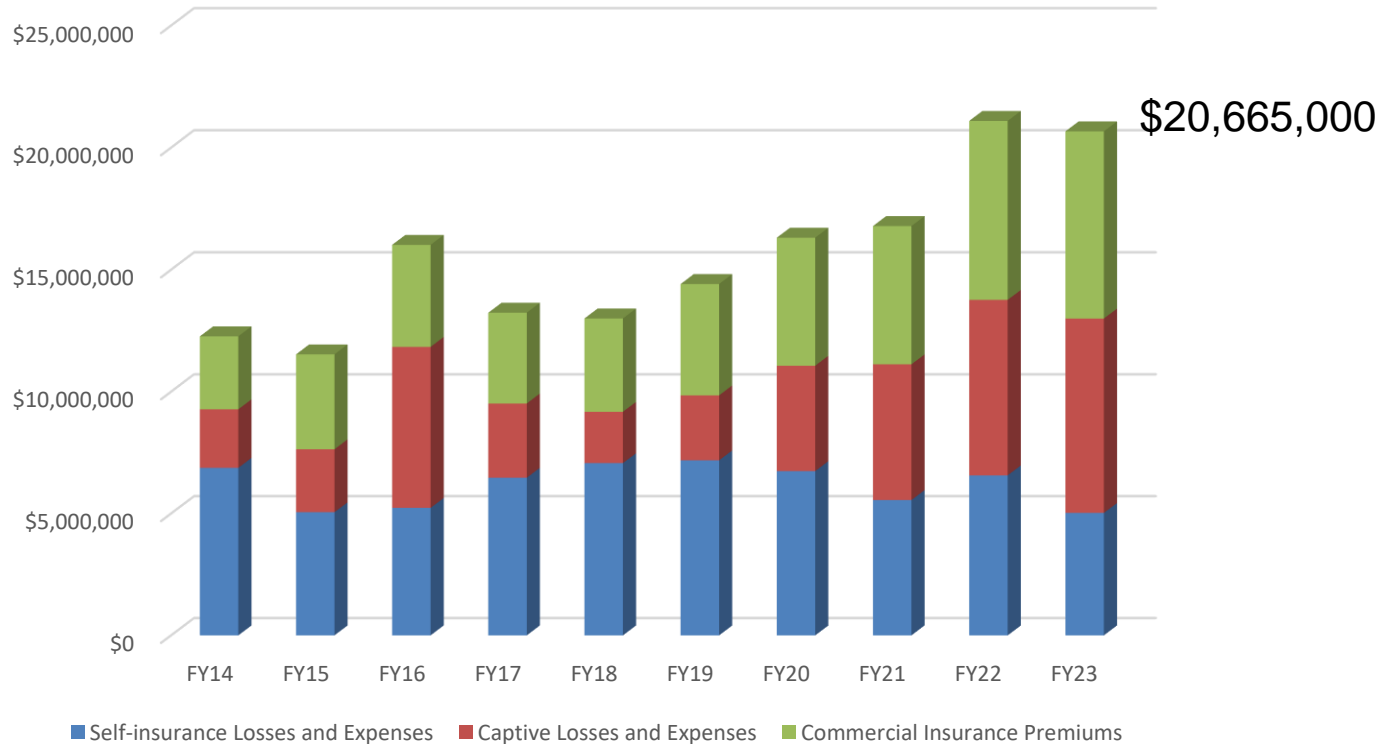


Emerging Risks

- Facilities condition / deferred maintenance
- Impact of climate change on weather patterns
- Student – athletes as employees
- Cyber security



Total Cost of Risk, 2014 - 2023



Questions and Discussion





UNIVERSITY OF MINNESOTA

Driven to Discover[®]

Crookston Duluth Morris Rochester Twin Cities

The University of Minnesota is an equal opportunity educator and employer.



BOARD OF REGENTS DOCKET ITEM SUMMARY

Audit & Compliance

October 10, 2024

AGENDA ITEM: Update on Outstanding Audit Findings

Review

Review + Action

Action

Discussion

This is a report required by Board policy.

PRESENTERS: Katharine Bonneson, Associate Vice President, Health, Safety, & Risk Management
Julie Delli quanti, Director, Tweed Museum of Art

PURPOSE & KEY POINTS

This item will provide the committee with an update on two remediation efforts conducted in response to issues identified in Office of Internal Audit (OIA) reports, which have been outstanding for over two years:

- The Tweed Museum inventory and appraisal project, Duluth campus
- The University’s Safety Training and Centralization project

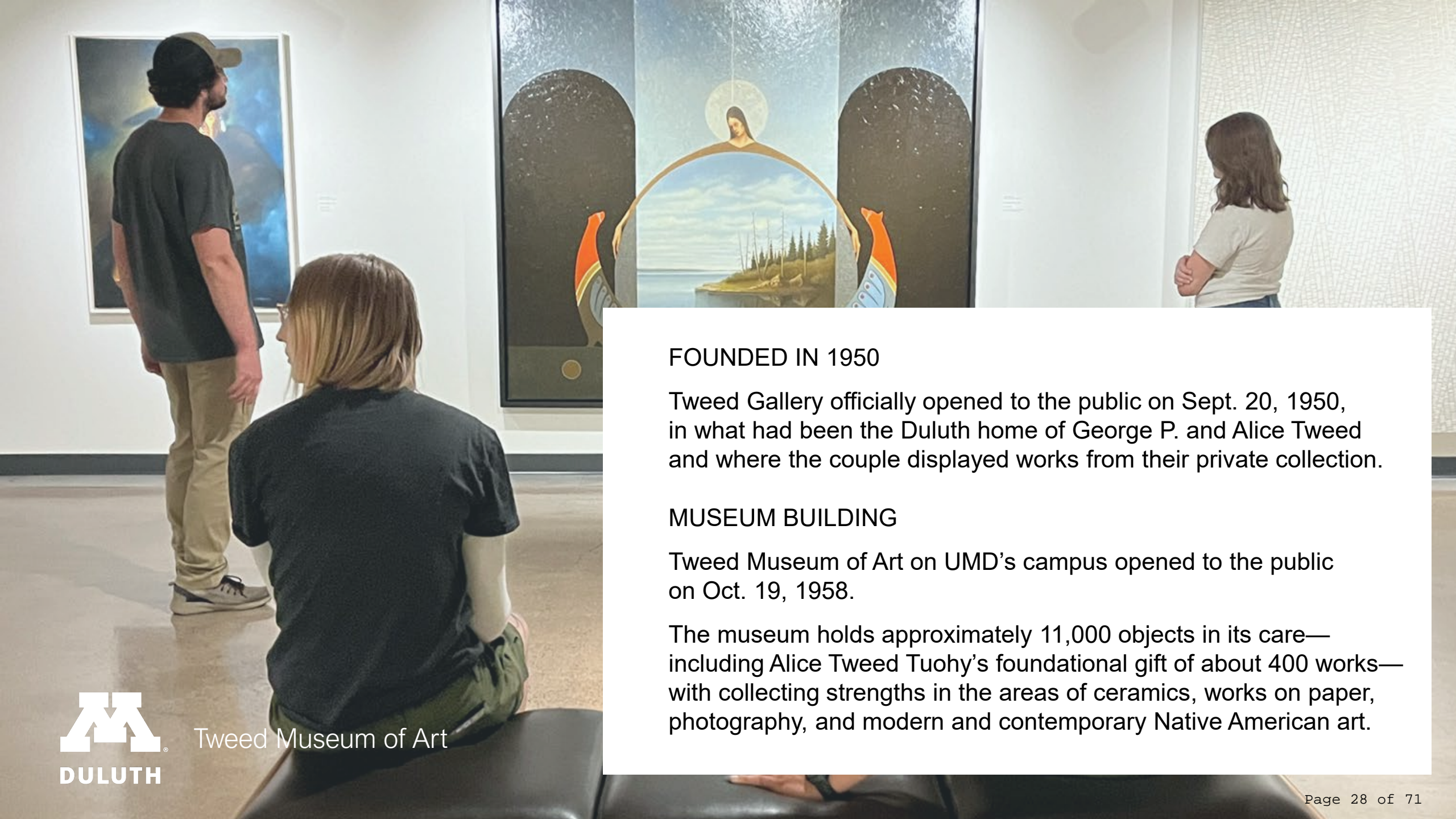
Areas to be discussed will include information on why remediation exceeded two years, what work has been completed to date, what work is still expected, and processes established to ensure ongoing management of risk.

BACKGROUND INFORMATION

The Tweed Museum inventory and appraisal issue was identified in the 2019 audit of the School of Fine Arts, Duluth campus. The Tweed Museum inventory and appraisal issue is being marked by OIA as closed this period.

University’s Safety Training and Centralization project was identified in the 2021 audit of University Health and Safety Remediation. A presentation was also provided to the committee on the Safety Training and Centralization project in October 2023. The safety training issue is expected to be resolved by the end of the 2025 calendar year.

Detailed updates on remediation efforts on the associated essential recommendations for both items have been provided to the committee as part of regular Internal Audit Updates.



FOUNDED IN 1950

Tweed Gallery officially opened to the public on Sept. 20, 1950, in what had been the Duluth home of George P. and Alice Tweed and where the couple displayed works from their private collection.

MUSEUM BUILDING

Tweed Museum of Art on UMD's campus opened to the public on Oct. 19, 1958.

The museum holds approximately 11,000 objects in its care—including Alice Tweed Tuohy's foundational gift of about 400 works—with collecting strengths in the areas of ceramics, works on paper, photography, and modern and contemporary Native American art.

UMD Fine Arts, School of FY19

Report No 1919 Issue Date: Mar-19

Finding: 1

A complete inventory with current valuations of Tweed Museum's art collection is not maintained creating risks related to insurance and art being lost and undetected.

Recommendation 1b

Original Target Completion Date: April 2020

Tweed management should improve inventory and valuation records for its art collection.

Specifically, Tweed should:

- Complete the in-process physical inventory, including ensuring the records of art in the inventory database are accurate and complete.
- Schedule and conduct periodic inventories and appraisals of the art collection.

Follow-Up Results

UMD Fine Arts, School of FY19

Report No: 1919

Issue Date: Mar-19

Finding: 1 **A complete inventory with current valuations of Tweed Museum's art collection is not maintained creating risks related to insurance and art being lost and undetected.**

No appraisal of Tweed's art collection has been performed for over 25 years, and inventory records for the museum's art collection are incomplete. This hinders management's ability to determine an accurate value of the collection for both insurance purposes and to implement effective inventory management controls. The director of Tweed believes the current estimated value of \$25 million being reported for insurance purposes may be low. This may mean Tweed's insurance coverage is insufficient to mitigate the potential risk of loss. In addition, reporting this potentially low \$25 million estimate as the valuation of the collection for insurance purposes creates a compliance risk.

Insurance companies require the full value of the insured items (i.e., Tweed's collection) be reported for determining insurance rates even if the full value is elected not to be insured. The University's Office of Risk Management indicated that without an accurate valuation, Tweed may have problems renewing their insurance policy next fiscal year.

Tweed uses an inventory database for their art collection. The majority of Tweed's collection of more than 10,500 items, including all self-identified significant works, have been entered into the database. However, this inventory is not complete. In addition, values for all items have not been entered into the database and some values have not been updated since the partial appraisal performed in 1991. Tweed management expressed cost as being the primary factor for not obtaining a more recent and comprehensive appraisal. The risks associated with inaccurate values are partly mitigated by Tweed management performing periodic informal valuations of some items and updating the values in the inventory records.

Accurate and complete inventory records are a critical component of an inventory control system. The lack of complete inventory records precludes the implementation of effective inventory management controls, such as performing physical inventories, and increases the risk of loss or theft occurring and going undetected. Risk is heightened as the IT security controls for the inventory management application currently used for Tweed's partial records may not meet all of the University's IT security standards to ensure records are not inappropriately altered. For example, the application administrator has knowledge of user passwords which precludes effective logging and monitoring of application activity to identify unauthorized edits to inventory records.

Recommendation 1b

Original Target Completion Date: April 2020

Tweed management should improve inventory and valuation records for its art collection. Specifically, Tweed should:

- Complete the in-process physical inventory, including ensuring the records of art in the inventory database are accurate and complete.
- Schedule and conduct periodic inventories and appraisals of the art collection.

Rating Essential

Status Partially Implemented

Follow-Up Completed

Period: June 2024

On: 13-May-24

By: MB

The Tweed Museum has catalogued over 10,700 items in the inventory database and is working on the remaining few hundred items. CAHSS expects the inventory to be complete by the end of June 2024.

Inventory of the collection commenced in September 2023 and was completed in June 2024.



Tweed Museum of Art



INVENTORY

To increase collections security and improve location control, the Tweed will implement a system of partial inventory/spot check audits 2x per year which supplement the regular collection management processes that document the movement of artwork within the database.

The spot check audits of 200 objects are designed to prioritize collection security but also consider institutional capacity limitations. The Tweed aims to migrate collection records from its current database to a new web- and cloud-based database (EmBark) by/before June 2025.

With this target date in mind, the first spot check is scheduled for July 2025.



Tweed Museum of Art



Tweed Museum of Art

APPRAISAL

The 2024 inventory surfaced a need for further investigation to verify the veracity of information in the values field of the database.

The Tweed staff will work with an independent appraiser to authenticate and appraise 1000 works (~10% of the collection), including those identified as high value and submitted in 2024 to the Office of Internal Audit. Appraisal will be completed by 2034.

The museum will maintain the current \$30m insurance valuation until the appraisal is complete, unless there are high-value works gifted or acquired into the collection or data-supported findings during the data migration and paper file discovery process that suggest this amount is not a valid interim valuation.

Follow-Up Results

UMD Fine Arts, School of FY19

Report No: 1919

Issue Date: Mar-19

Finding: 1

A complete inventory with current valuations of Tweed Museum's art collection is not maintained creating risks related to insurance and art being lost and undetected.

Recommendation 1b

Tweed management should improve inventory and valuation records for its art collection. Specifically, Tweed should:

- Complete the in-process physical inventory, including ensuring the records of art in the inventory database are accurate and complete.
- Schedule and conduct periodic inventories and appraisals of the art collection.

Rating Essential

Status **Completed**

Follow-Up Completed

Period: Oct 2024

On: 17-Sep-24

By: MB

The Tweed Museum of Art completed a physical inventory of the over 11,200 items in its collections, and all items are now recorded in Tweed's inventory database. The Tweed leadership, in consultation with Risk Management & Insurance Services, created a plan for inventories and appraisals going forward.

The Tweed is currently working with the University's Native American Graves Protection and Repatriation Act (NAGPRA) coordinator, who will review the approximately 670 items in Tweed's collection that meet broad criteria as Native American objects. The NAGPRA coordinator will provide guidance, serve as the Tweed's representative with Native and American Indian communities, and partner with the museum in carrying out all NAGPRA requirements.



Tweed Museum of Art

HSRM Safety Training Centralization & Monitoring Project Update

October 10, 2024



HEALTH, SAFETY,
AND RISK MANAGEMENT

UNIVERSITY OF MINNESOTA

Safety Training

Health Safety & Risk Management (HSRM) is the primary provider of safety training for the University community. Training courses include subjects such as;

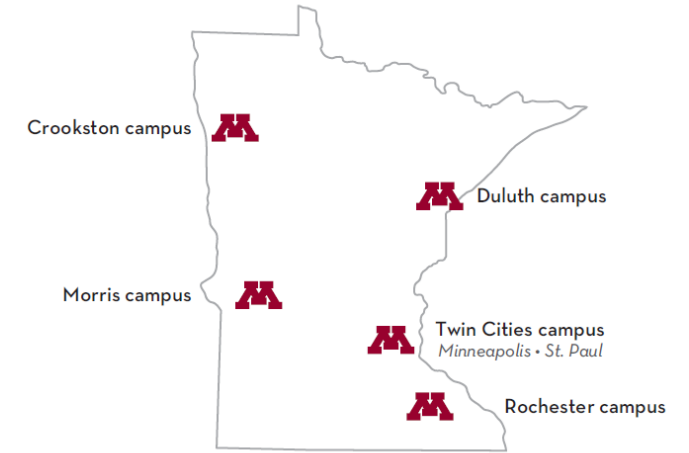
- Biological Safety in Laboratories
- Chemical Safety
- Personal protective equipment (PPE)
- Radiation Safety
- Building Emergency Response
- Slips, Trips and Falls



Safety Training

By the Numbers...

- HSRM tracked **57,200** course completions in FY24
- HSRM hosts over **84** unique courses
- Course modality spans from in-person to online to hybrid
- All training is designed to serve the entire University system and to meet local, state and federal compliance requirements or to provide education to support a safer workplace



The Audit Finding

The Office of Internal Audit formally audited HSRM in 2019. One of the essential findings focused on the compliance of safety training, specifically;

Recommendation: 2a HSRM and University management should consider establishing HSRM as the central authority for University safety training. The central health and safety training authority would be responsible for:

- *Ensuring an accurate & 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.*



Why 5 Years?

Years 1 and 2 - Negotiations with OIA, scope refinement, evaluation of potential solutions

Year 3 - Landed on a path forward with a narrow focus on safety training (not an enterprise solution)

Year 4 - Launched the project

Year 5 - Expanding the project to allow for training in all forms to use the same solution

During this time HSRM completed a number of training improvement initiatives using data analytics and audit findings to improve course content and quality.



Safety Training - Current Status

HSRM kicked off a Safety Training Centralization & Monitoring project in January 2023.

Project scope was defined as:

- Verifying the current offering of general required safety courses provided by HSRM. **COMPLETE**
- Identifying who needs required safety training and ensuring that we are communicating this appropriately. **DEVELOPMENT IN PROCESS**
- Identifying pain points and improvement opportunities. **COMPLETE**
- Ensuring that safety training materials are current, meet regulatory guidelines and U of M requirements. **IN PROCESS - 75% complete**



Solution - Part 1, Tool Development

HSRM is developing a training tool that allows assignment, tracking and monitoring of required safety 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.

- Currently, there is no standardized method to flag or identify which employees require what training.
- Development requirements are in-process. OIT has agreed to integrate the *Safety Training Needs Assessment* with the Training Hub to track course completion, streamlining the process.
- The assignment mechanism provides the ability to identify who needs training and monitor whether or not they have taken it.



Human Research Training: *Your Customized Training Plan*

Welcome

This resource helps you identify and track all the required and optional training opportunities that will support your work as a human research professional at the University of Minnesota.

First, create a training Roadmap

Use this interactive mapping tool to prescribe a curriculum of required and optional human research training courses customized specifically to you. The **Roadmap** will prescribe training based on your research role, responsibilities and tasks, and type of studies you are engaged in.



Next, view your customized training plan

You can see your customized training plan of required and supplemental courses in **My Training**.

Go to **View Courses** to learn the details about each course in your customized training plan.

Create Roadmap

My Training

View Courses



Solution Example:

Personalized Training Requirements

- Training will be assigned based on questions related to an individual's specific work or learning
- Removes uncertainty about who needs to take which training
- Consolidates requirements from multiple training providers

Chemicals

- I work in a research laboratory where chemicals, such as flammables, corrosives, or oxidizers, are present
- (For staff not involved in conducting research) I work with or potentially be exposed to hazardous chemicals, such as flammables, oxidizers, corrosives, etc
- I work with formaldehyde or formalin-containing substances
- I worked with controlled substances
- I work with anesthetic gasses such as nitrous oxide or halogenated agents including desflurane, enflurane, halothane, and isoflurane
- I manage quantities of oil in quantities greater than 55 gallons



New in 2024, Enterprise-wide Impact

- Internal audit findings across the University system have identified a gap in the ability to validate that the right people are taking the right training
- Opening the Safety Training Needs Assessment tool up for use by the broader system provides an enterprise-level solution.
- An enterprise-wide training platform streamlines the end-user experience..
- Collective development began this July with representatives from OIT, OHR, HSRM, ASR, FM, and Finance



Solution Part 2 (Parallel Paths)



Review current safety training inventory and content. Verify that our current training is compliant with all state and federal requirements.

HSRM engaged a vendor through an RFP process and the audit began in Spring 2024 and will be completed by December 31, 2024

Partnerships

- Office of Human Resources - close partnership with OHR on data use and management within PeopleSoft and development of employee procedures and protocols (as needed) for supervisors completing the survey for new and transferred employees and monitoring training completion.
- Office of Information Technology - Partner in requirements development for training assignment tool with integration to the Training Hub.
- Senior Leadership - support compliance and full participation in this program implementation process.



Timeline and Cost



Cost: Current work is being conducted in-house. Estimating \$50K for tool development project, vendor is in-house.



Project launch

Engaged Project Management Office, developed a charter, defined a clear scope



Developed Solutions

Completed training inventory, identified assignment/tracking needs, identified potential vendors



Launched Deliverable Work

Identified internal vendor (Health Sciences IT), identifying external review vendor via RFP, working with stakeholders on next steps



Prototype & Review Complete

Prototype developed of the Safety Training Needs Assessment complete & Safety training audit complete



Launch Tool

Pilot & launch the training assessment tool



Questions?





BOARD OF REGENTS DOCKET ITEM SUMMARY

Audit & Compliance

October 10, 2024

AGENDA ITEM: Internal Audit Update

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 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 June 2024 meeting, 38 percent of the outstanding recommendations rated as “essential” were resolved by University departments. This is slightly lower than the expected implementation rate of 40 percent, but an increase from June’s 34 percent rate. Of the unresolved outstanding recommendations rated as “essential,” 61 percent are past due. Leadership continues to demonstrate a commitment to remediate audit report issues effectively and sustainably and are monitoring this lower implementation rate to seek ways to expedite efforts.
- All outstanding “essential” recommendations were resolved for six audits.
- Four “essential” items identified in three 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 materials. Additional information on the University Health and Safety 2020 audit report’s remediation efforts is also included in the committee’s third agenda item.
- An updated control evaluation chart is included for each audit to show progress made on remediation of “essential” items.
- Seven audit reports containing 42 recommendations rated as “essential” were issued in the last four months.
- Other summary information important to the committee for their 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
October 10, 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 June 2024
- 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, Executive Vice President and 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

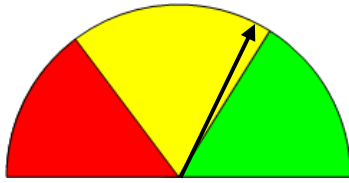
As part of our ongoing efforts to provide the Audit and Compliance Committee with critical information in as concise a format as possible, we have developed the following charts to present a quick overview of work performed by the Office of Internal Audit.

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 2024, Tier 1 audits on the FY 2025 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).

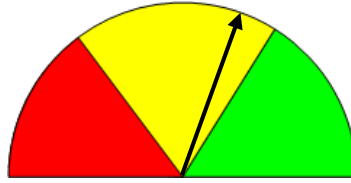
The final chart, “Time Spent on Non-Scheduled Audit Activities,” provides a status report on the amount of time consumed by investigative activities, special projects, and other management requests. We estimate a budget for this type of work, and the chart will indicate whether we expect that budget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



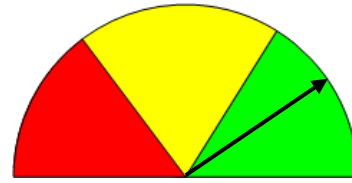
Implementation rates were 38% for the period, which is slightly lower than our expected rate of 40% and an increase from June's 34% rate.¹

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 13% of the outstanding items are from more recent audits receiving first time follow-up, and 61% of the outstanding issues are past management's planned remediation date.

² We are trending slightly behind our original audit plan schedule due to some carryforward audits taking longer than expected and staff turnover and hiring. However, we have now hired all but one of our open positions and we still expect to complete the audit plan at this time.

Other items:

- Internal Audit Staffing Update - The Office of Internal Audit onboarded a new IT auditor last month; we have one vacant financial auditor position. 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)	Past Due	On-Schedule	Complete
1919	UMD Fine Arts, School of FY19	0	7	Completed	1		
2106	University Health & Safety FY21	1	10	Partially Implemented	1		
2127	UMD HR FY21	0	4	Completed	1		
2205	Dentistry, School of FY22	2	27	Partially Implemented	2		
2301	Energy Management FY23	1	19	Completed	1		
				Partially Implemented	1		
2312	CUHCC FY23	1	12	Partially Implemented	1		
2313	M&W Golf,W Gymnastics,W Tennis Compliance&Ops FY23	0	2	Completed	1		
2315	UMD ITSS FY23	1	12	Completed	2		
				Partially Implemented	1	3	
2317	Bell Museum FY23	3	12	Partially Implemented	3		
2322	UMD Dining Services FY23	1	6	Completed	1		
				Partially Implemented	1		
2325	Boynton Health FY23	4	20	Completed	1		
				Not Implemented		2	
				Partially Implemented	4		
2408	M&W Track&Field & CrossCountry Compliance&Ops FY24	0	1	Completed	1		
2410	OIT Central Server Administration FY24	3	12	Completed	1		
				Not Implemented		7	
				Partially Implemented	3		
2411	NXT GEN MED FY24	0	2	Completed	2		
2412	UMD Athletics FY24	6	14	Completed	4		
				Not Implemented	2	3	
				Partially Implemented	4	1	
2413	Gramm-Leach-Bliley Act Compliance FY24	1	3	Completed	1		
				Partially Implemented	1		
2416	CLA Theatre Arts & Dance FY24	1	2	Completed	1		
				Partially Implemented	1		
2417	OACA Select Centers & Administration FY24	0	6	Completed	5		
				Partially Implemented	1		
2419	CLA Music, School of FY24	3	5	Completed	2		
				Partially Implemented	3		
2420	Effort Management FY24	0	1	Partially Implemented	1		
2423	Masonic Cancer Center FY24	0	3	Completed	3		

Essential Recommendation Implementation Rates

	Current Period	Month / Year of Follow Up Report									Previous 3 Yr. Average
	Oct. 2024	Jun. 2024	Feb. 2024	Oct. 2023	Jun. 2023	Feb. 2023	Oct. 2022	Jun. 2022	Feb. 2022	Oct. 2021	
Total Recommendations	74	86	86	96	97	76	59	62	87	66	-
Completed Recommendations	28	29	32	36	34	14	26	18	28	24	-
Implementation Rate	38%	34%	37%	38%	35%	18%	44%	29%	32%	36%	34%
Open Recommendations Past Due	61%	32%	57%	55%	40%	48%	45%	41%	42%	76%	48%

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
University Health and Safety Sept 2020	Partially Implemented	Katharine Bonneson	<p>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:</p> <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. 	<p>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:</p> <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 13 courses complete, and 10 more are 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. Development requirements are being gathered and this is almost complete. OIT has agreed to integrate the <i>Safety Training Needs Assessment</i> with the Training Hub to track course completion. This integration will streamline the user experience by eliminating the confusing process of having to jump back and forth between tools. Development will be scaled so that other University departments outside of HSRM can also use the tool which will improve overall training compliance at the University of Minnesota. Internal audit findings for many departments and training providers across the University system have identified a gap in the ability to prove that the right people are taking the right training. Opening the tool up to use by the University system addresses this larger compliance issue. It also addresses user complaints that they currently have to search multiple websites from multiple training providers to identify their training requirements. This tool will allow for better consolidation of requirements, which also improves compliance. This has had minimal impact on HSRM scope</p> <p>Timeline: The Safety Training Audit began in March of 2024. 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. Development on the HRMS Needs Assessment is expected to start in October/November 2024.</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>
School of Dentistry (SOD) Sept 2021	Partially Implemented	Dr. Keith Mays	<p>SOD should improve processes for collecting on outstanding receivables to minimize exposure from uncollectible receivables and to increase the integrity of the financial statements.</p> <p>SOD should work with the external service provider to ensure A/R processes are complete, timely, and adequate follow-up is occurring.</p>	<p>The School of Dentistry (SOD) 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 patient accounting. In January, a third party vendor began work to decrease the school's outstanding accounts receivable, which has yielded a significant reduction in accounts receivable (AR). When the school's clearing house, Healthcare Exchange, experienced a data breach in March 2024 progress slowed, significantly impacting SOD's medical billing ability. The new clearing house will soon implement new capabilities, including electronic medical billing, which will increase SOD's ability to collect AR in a more timely manner. Additionally, the school plans to continue its partnership with the third party vendor. The two remaining items are scheduled to be addressed by the end of this calendar year.</p>
Energy Management July 2022	Partially Implemented	Jeff Davis	<p>EM should perform a current assessment of its management of the EM network against the University Information Security Network Management Standard. EM should ensure it meets all University requirements for non-centrally managed network segments or identifies any compensating controls and obtains any exceptions from UIS when compliance is not feasible. This includes enabling UIS additional visibility into the network and/or implementing independent Intrusion Preventative/ Detective Systems. In addition, EM should continue to evaluate resources necessary to expedite migration of existing infrastructure over to the OIT managed network to allow for expanded oversight from units like UIS.</p>	<p>The remaining items to close this recommendation are related to network hardware which serves as the single interface between the EM network and the University network, and this hardware is no longer supported by the manufacturer. EM is in the process of replacing the hardware which will enable additional control measures and better visibility into the EM network by OIT/UIS. Unfortunately, several devices downstream of the new hardware on the EM network side are incompatible, necessitating their replacement and causing the upgrade to take longer than anticipated. EM believes that the requirements to close this finding will be met with the successful installation and configuration of the new hardware and related equipment; EM anticipates completion by November 2024.</p> <p>If not carefully managed, the incompatibility and differences in hardware, software, and communication protocols can cause disruptions to both IT systems and the building management system (BMS) which can have immediate and significant impacts on operations, efficiency, and reliability. EM's end goal is to transition all its BMS infrastructure over to the OIT managed network and sunset the EM network. However, due to the fundamental differences between IT systems and BMS systems, and the requirement to continue operating BMS systems during the transition, this process will take time. EM has a detailed plan which projects the transition to the OIT managed network to be complete by 2029. In the meantime, EM will continue to operate and maintain the EM network in a responsible manner prioritizing operational reliability and security in accordance with University policy.</p>
Total: 4				

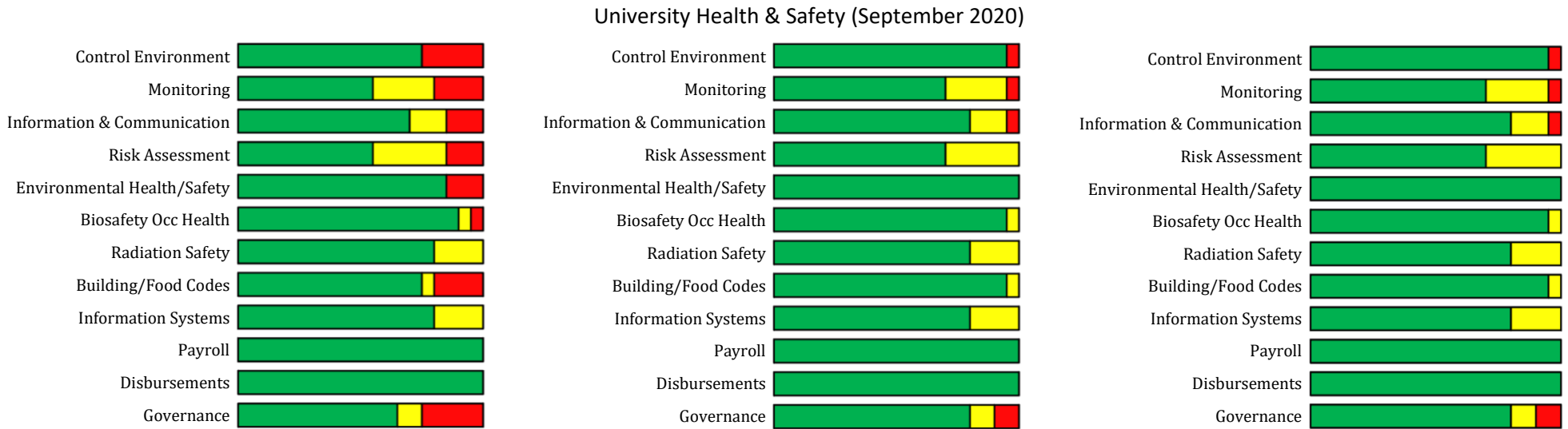
Progress on Implementation of Audit Recommendations

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 June 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



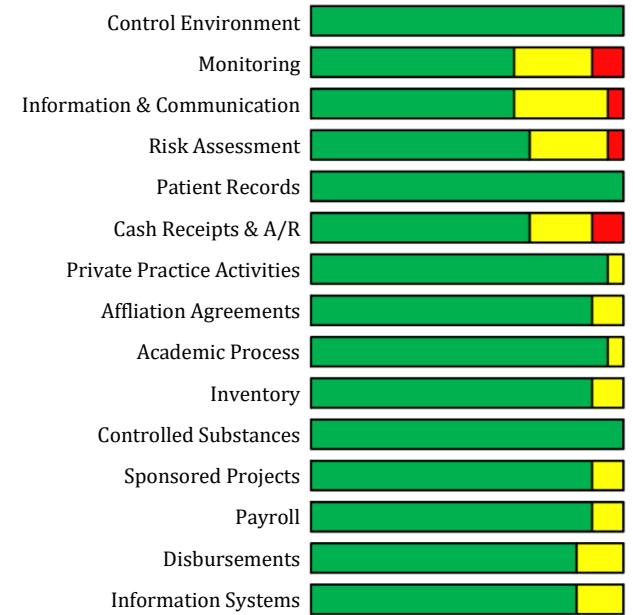
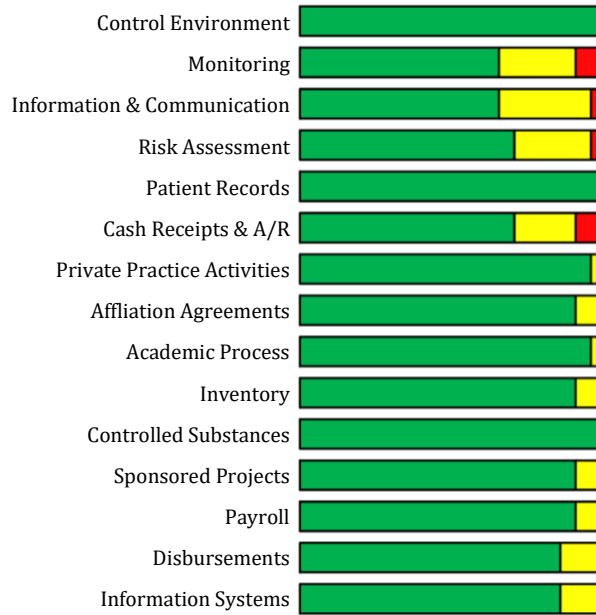
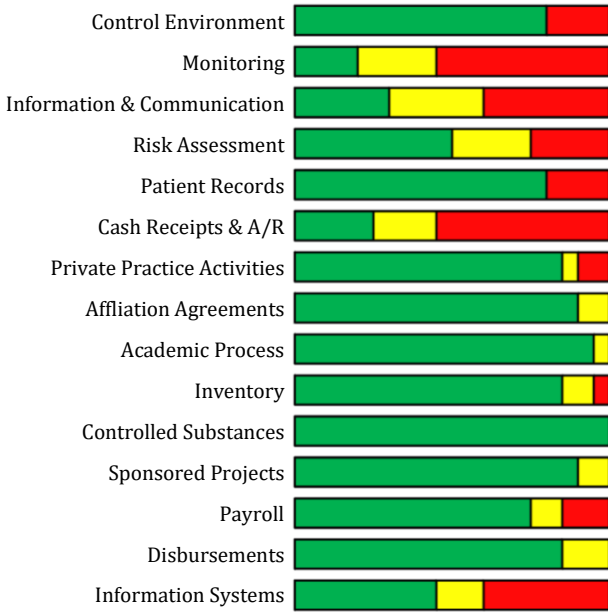
■ Adequate Control
 ■ Significant Control Issue(s)
 ■ Essential Control Issue(s)

Original Report Evaluation

Previous Audit Period Evaluation

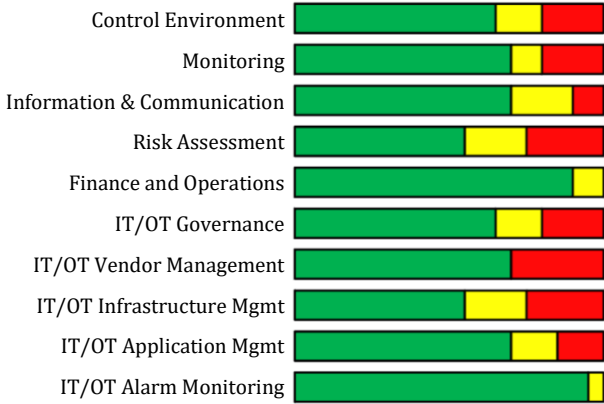
Current Audit Period Evaluation

School of Dentistry (September 2021)

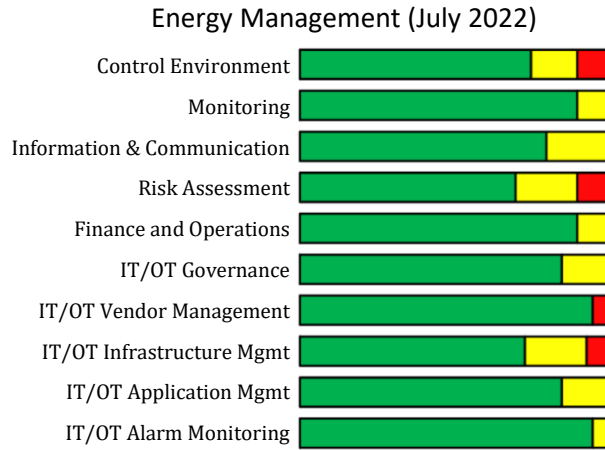


■ Adequate Control ■ Significant Control Issue(s) ■ Essential Control Issue(s)

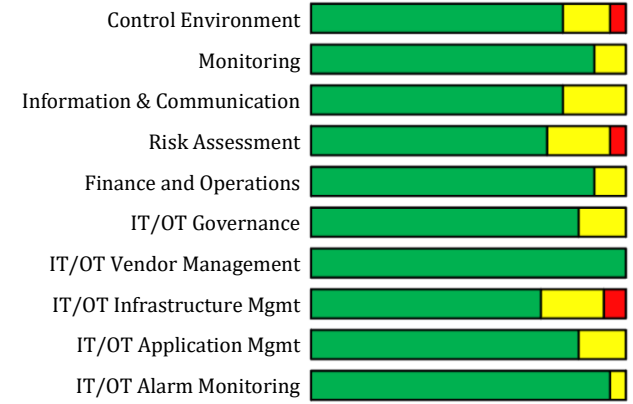
Original Report Evaluation



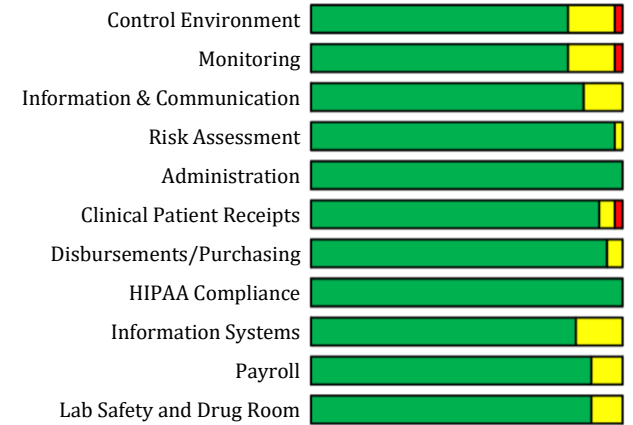
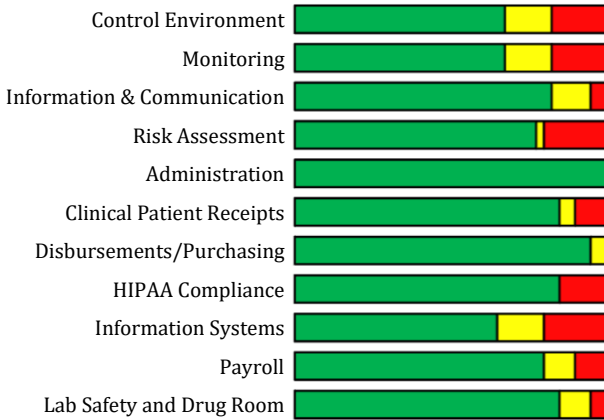
Previous Audit Period Evaluation



Current Audit Period Evaluation



Community-University Health Care Center (December 2022)



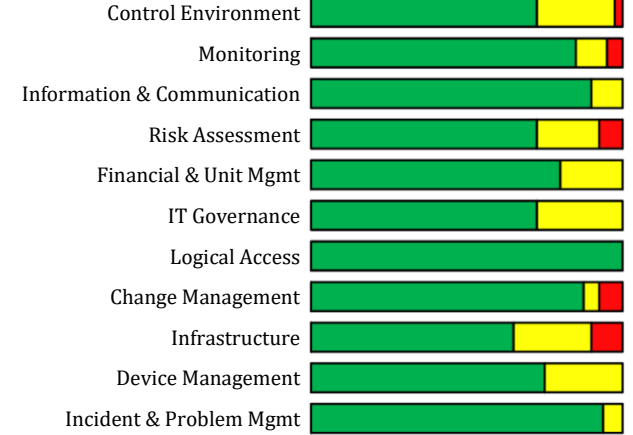
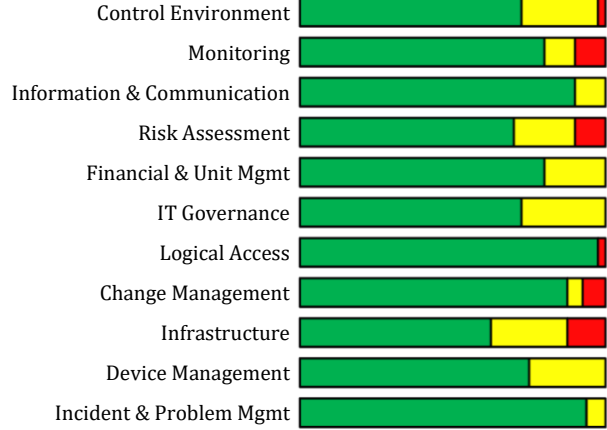
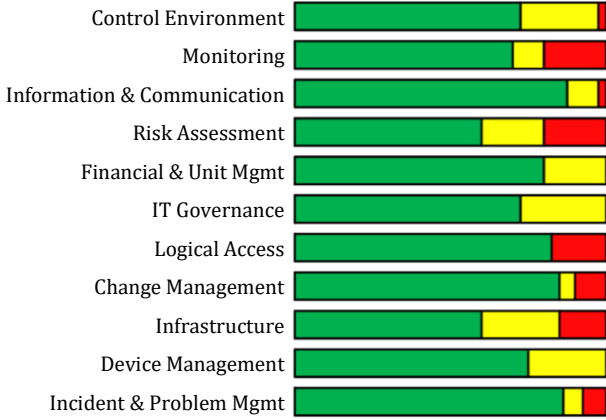
■ Adequate Control ■ Significant Control Issue(s) ■ Essential Control Issue(s)

Original Report Evaluation

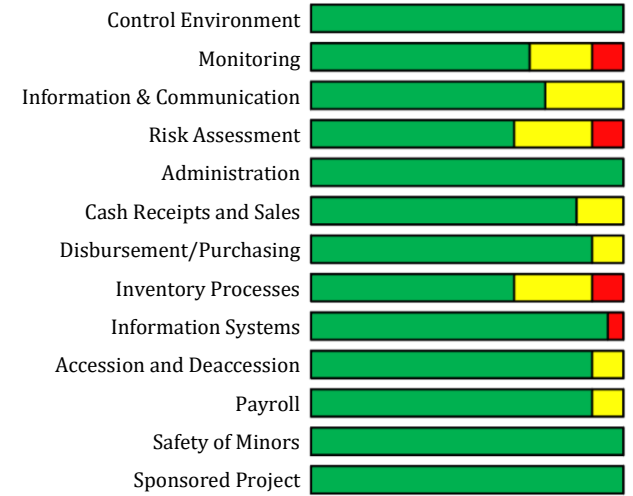
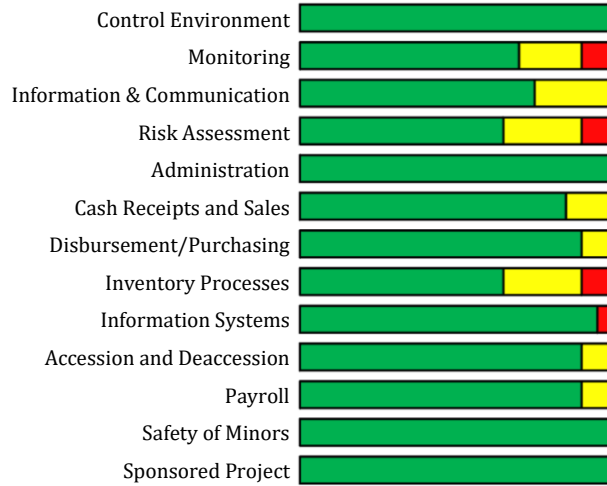
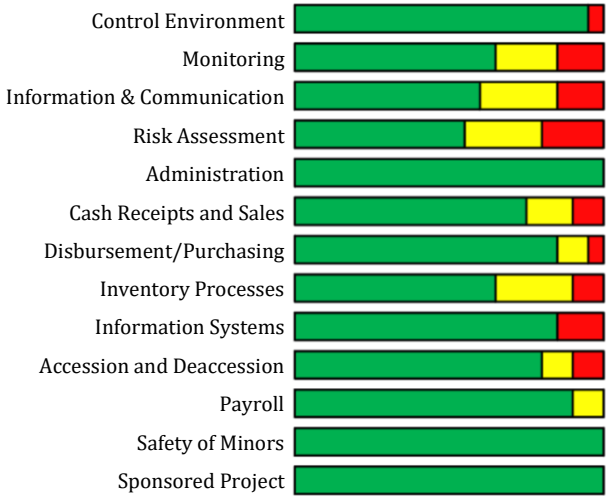
Previous Audit Period Evaluation

Current Audit Period Evaluation

UMD Information Technology Systems and Services (February 2023)

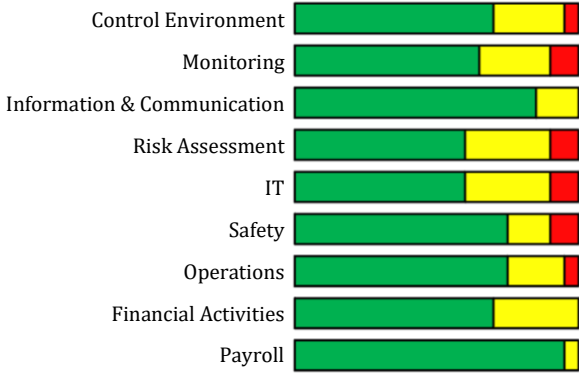


Bell Museum (April 2023)

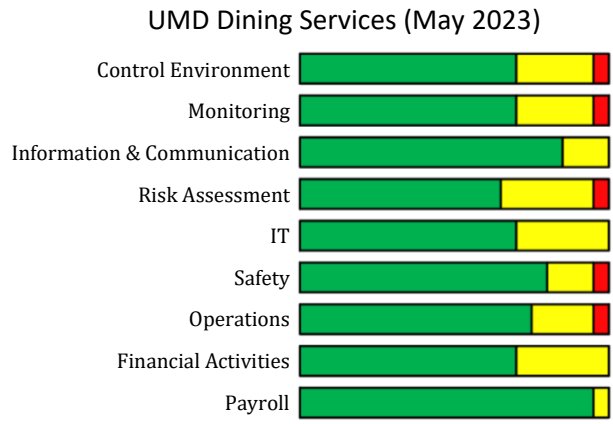


■ Adequate Control ■ Significant Control Issue(s) ■ Essential Control Issue(s)

Original Report Evaluation



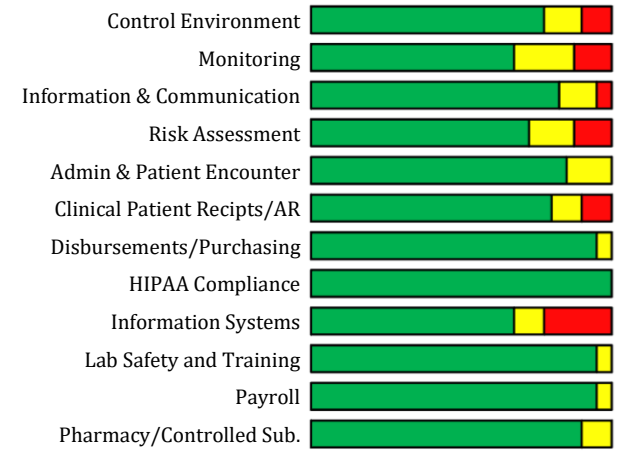
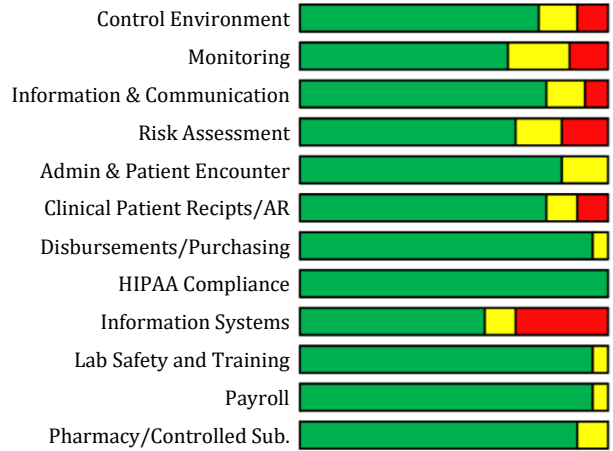
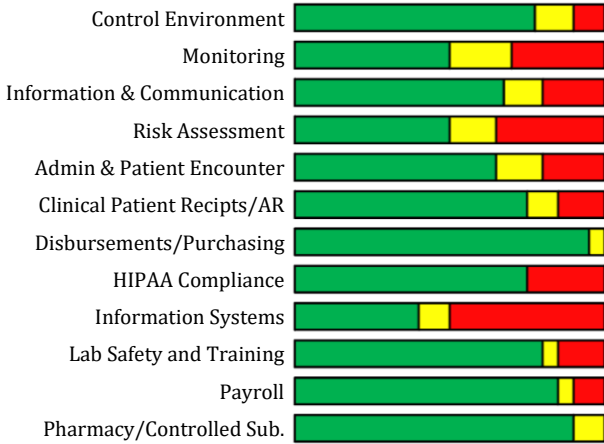
Previous Audit Period Evaluation



Current Audit Period Evaluation

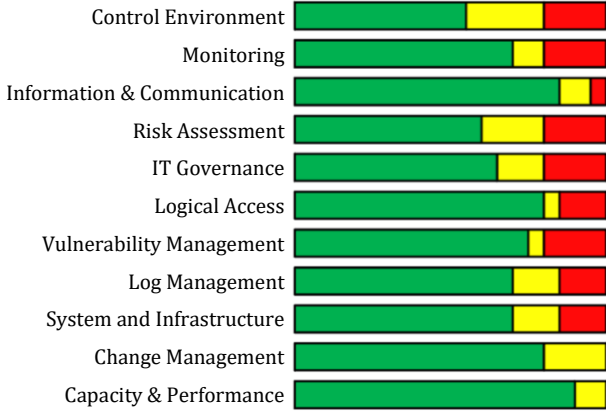


Boynton Health (June 2023)



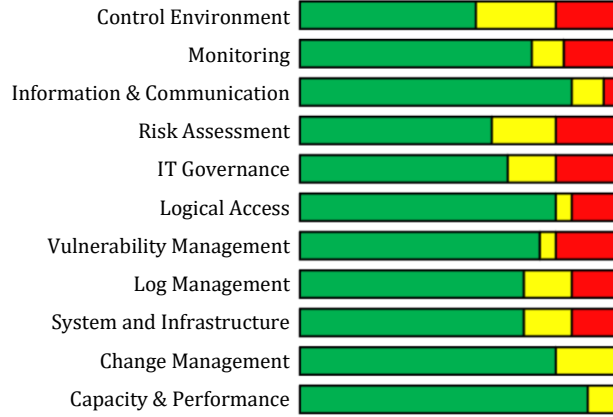
■ Adequate Control ■ Significant Control Issue(s) ■ Essential Control Issue(s)

Original Report Evaluation

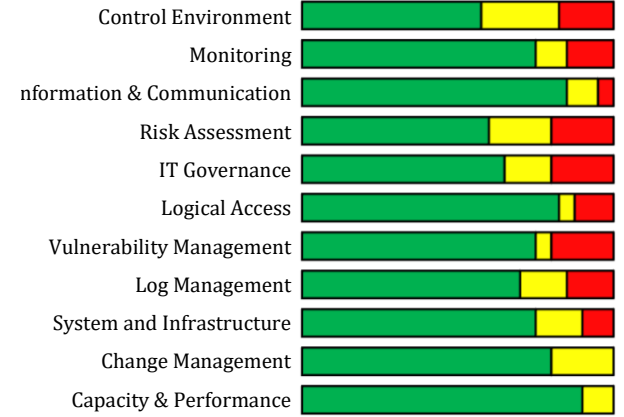


Previous Audit Period Evaluation

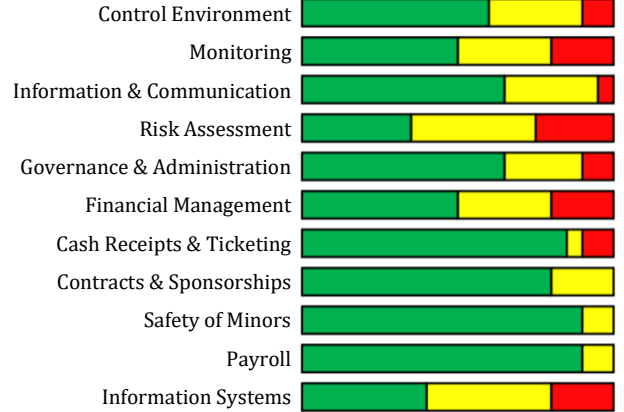
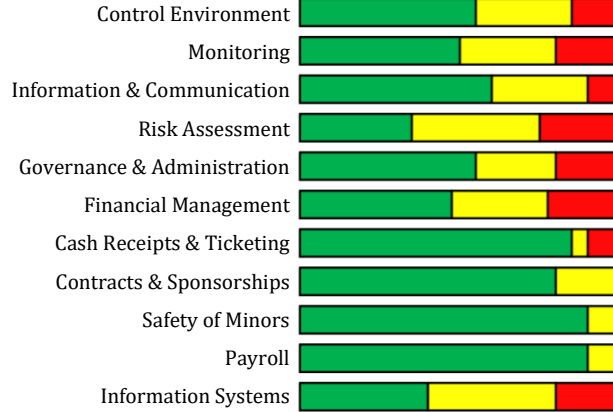
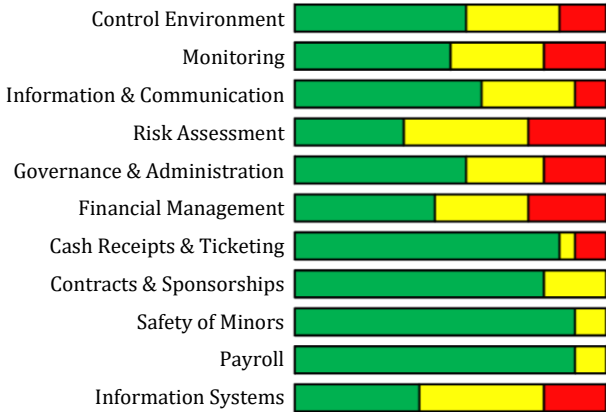
OIT Central Server Administration (January 2024)



Current Audit Period Evaluation

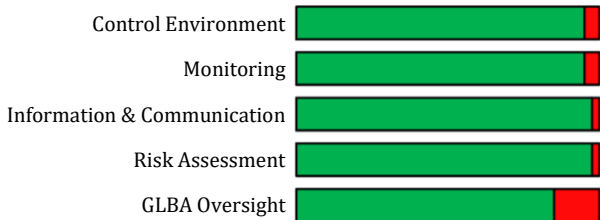


UMD Athletics (January 2024)

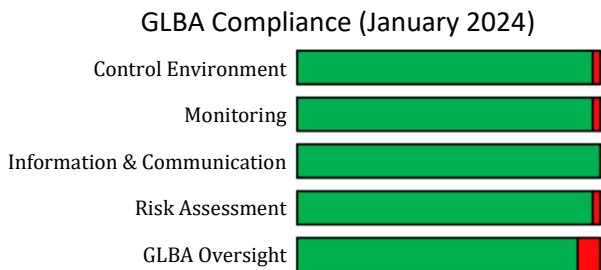


■ Adequate Control ■ Significant Control Issue(s) ■ Essential Control Issue(s)

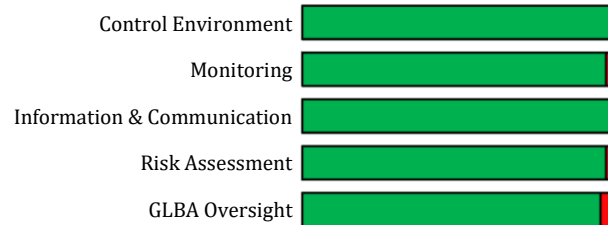
Original Report Evaluation



Previous Audit Period Evaluation



Current Audit Period Evaluation



Department of Theatre Arts & Dance (March 2024)

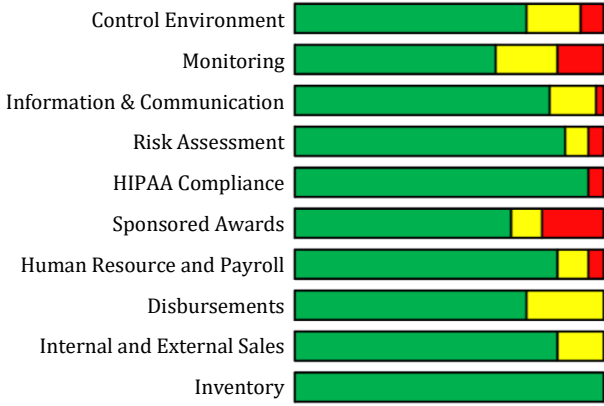


NO PREVIOUS
CONTROL EVALUATION
CHART



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

Original Report Evaluation



Previous Audit Period Evaluation

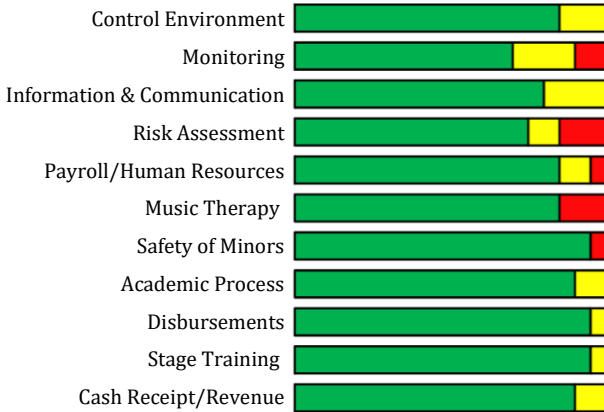
OACA Select Centers and Admin (March 2024)

NO PREVIOUS
CONTROL EVALUATION
CHART

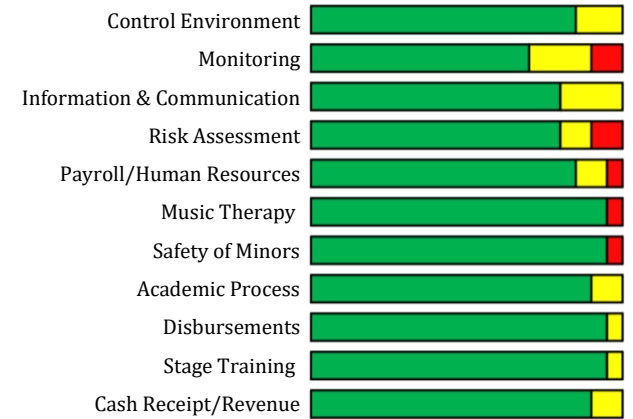
Current Audit Period Evaluation



School of Music (April 2024)

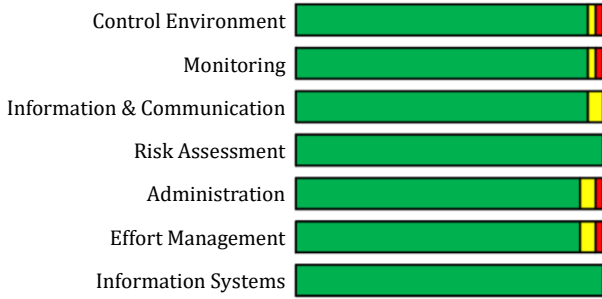


NO PREVIOUS
CONTROL EVALUATION
CHART



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

Original Report Evaluation

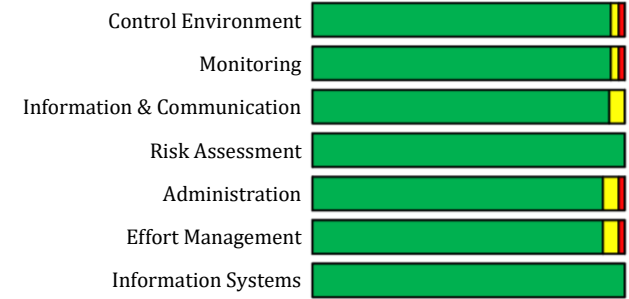


Previous Audit Period Evaluation

Effort Management (May 2024)

NO PREVIOUS
CONTROL EVALUATION
CHART

Current Audit Period Evaluation



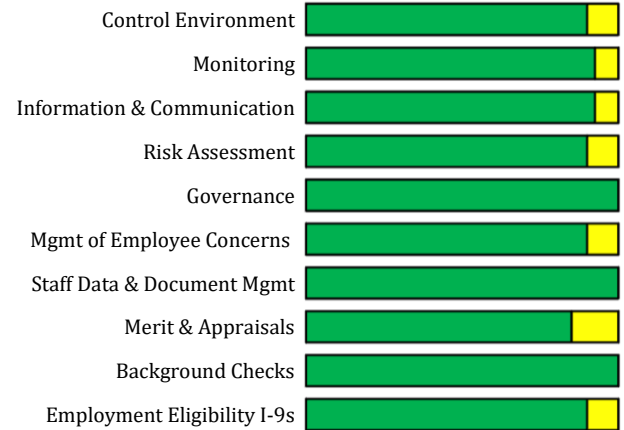
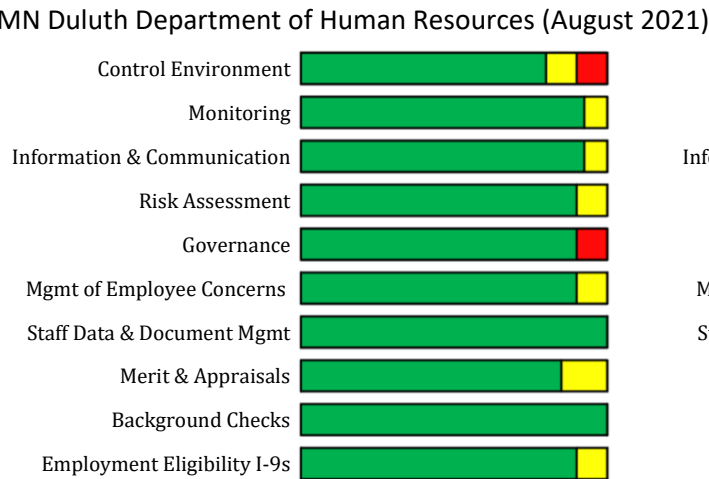
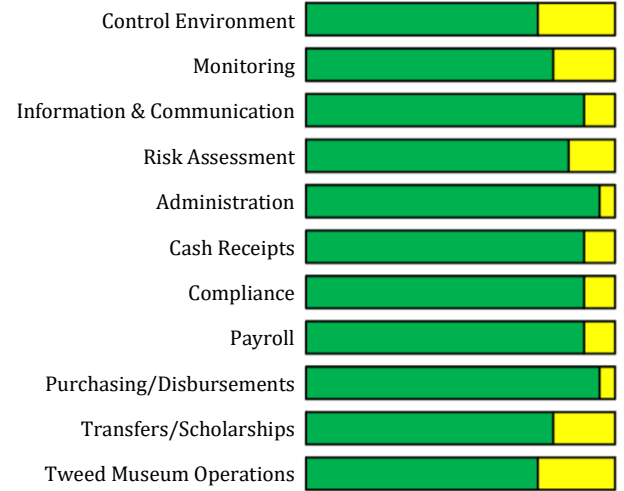
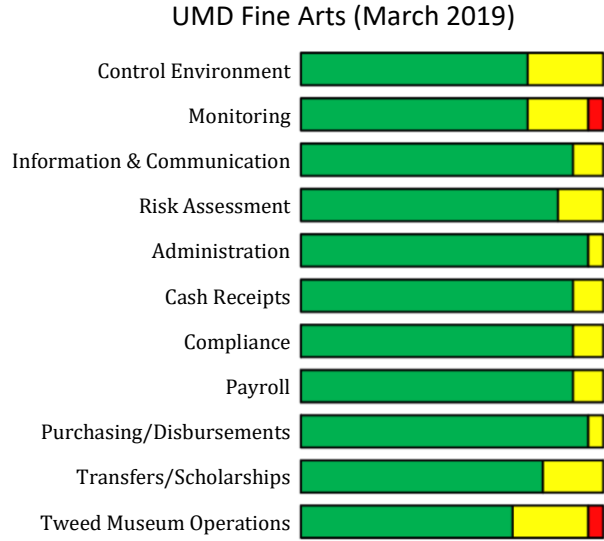
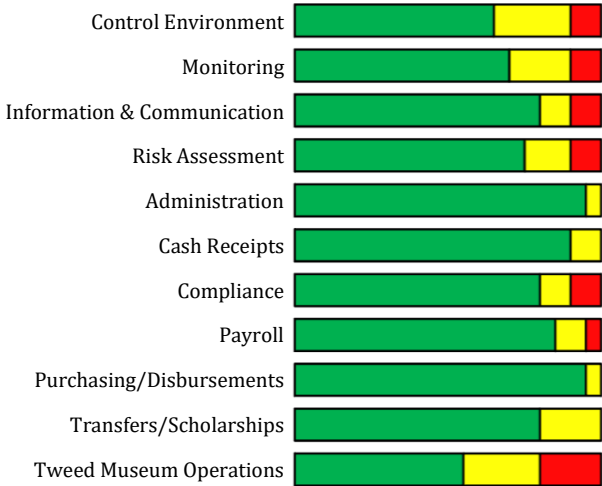
■ Adequate Control ■ Significant Control Issue(s) ■ Essential Control Issue(s)

Fully Implemented "Essential" Recommendations During the Past Audit Period

Original Report Evaluation

Previous Audit Period Evaluation

Current Audit Period Evaluation



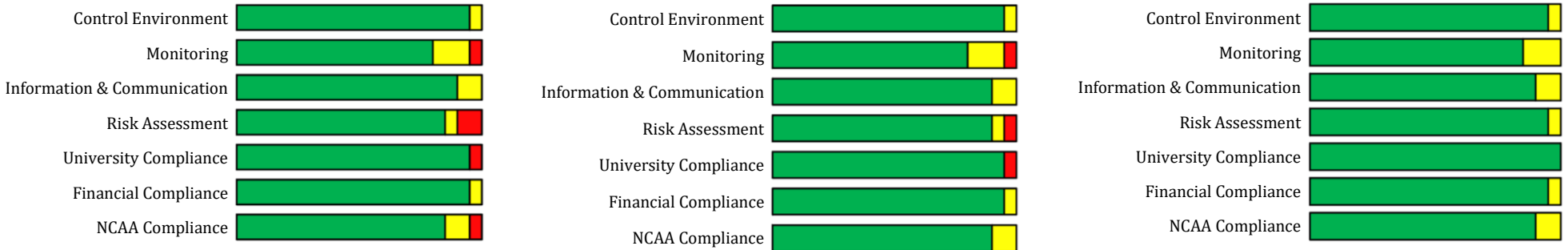
■ Adequate Control
 ■ Significant Control Issue(s)
 ■ Essential Control Issue(s)

Original Report Evaluation

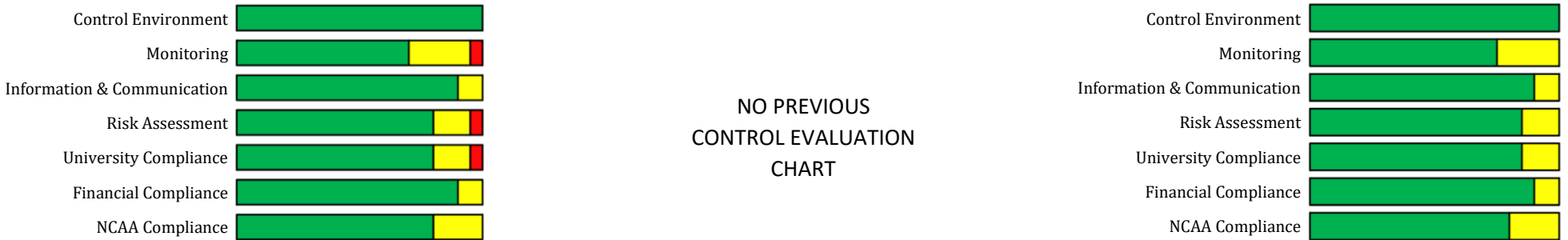
Previous Audit Period Evaluation

Current Audit Period Evaluation

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

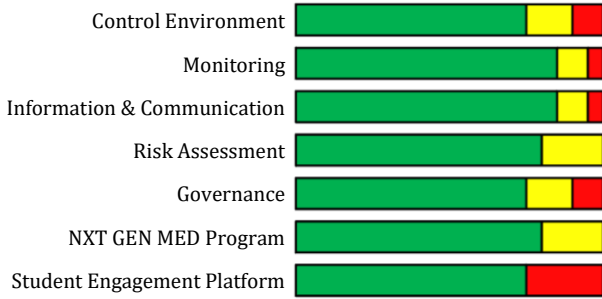


Men's Cross Country/ Track & Field, and Women's Cross-Country Track & Field Sport Compliance & Operations (December 2023)



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

Original Report Evaluation

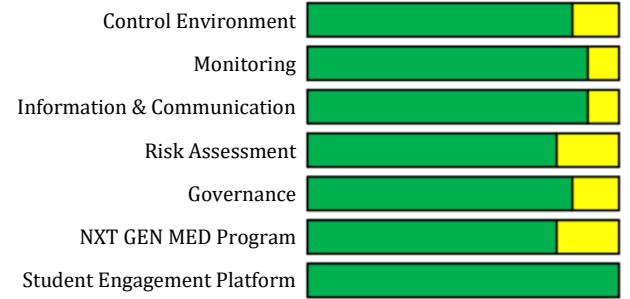


Previous Audit Period Evaluation

NXT GEN MED (January 2024)

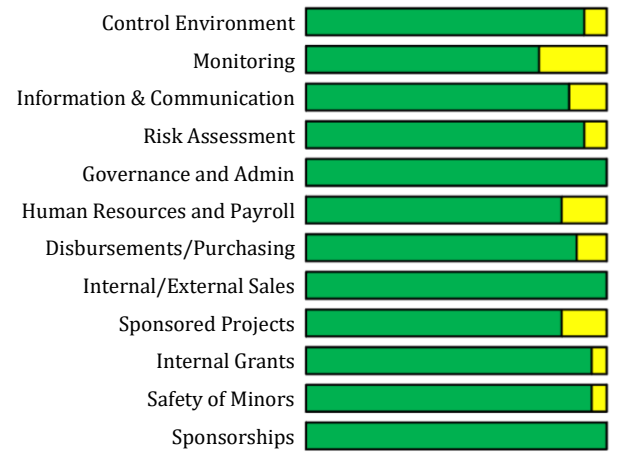
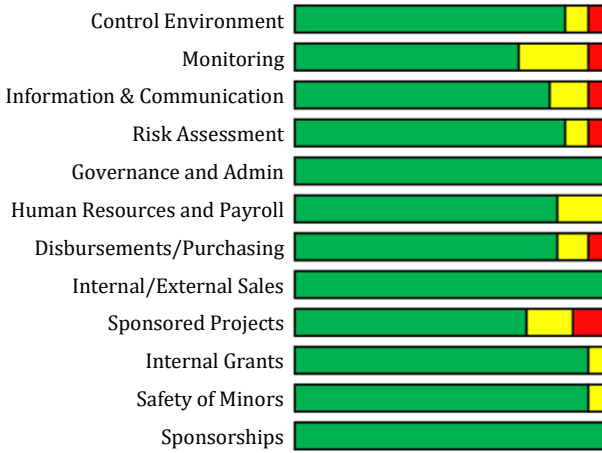
NO PREVIOUS CONTROL EVALUATION CHART

Current Audit Period Evaluation



Masonic Cancer Center (June 2024)

NO PREVIOUS CONTROL EVALUATION CHART



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

Audit Activity Report

Scheduled Audits

Completed Audits Of:

- Health Insurance Portability and Accountability Act (HIPAA) Governance & Oversight
- Parking and Transportation Services
- Office of Undergraduate Education – Vice Provost and Dean Transition Review
- Interim President Transition Review
- UMD - Chancellor Transition Review
- Department of Biomedical Engineering
- UMD Office of the Registrar

Began/Continued Audits Of:

- Center for Infectious Disease Research and Policy (CIDRAP)
- CFANS - Environmental Sciences, Policy, and Management (ESPM)
- Cloud Computing
- College of Education and Human Development
- College of Pharmacy
- Data Management
- Department of Neuroscience
- Firewall Management
- NCAA Compliance and Operations (M/W Hockey)
- University of Minnesota Morris

Investigations

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

Special Projects

- Completed gift testing for the University of Minnesota Foundation according to a memorandum of agreement.
- Provided advisory services related to University payroll exception testing.
- Provided technology advisory services in several areas including: identity and access management, data 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.
- Quality Assurance Review (QAR) – Completed a self-assessment of our practices for adherence to the International Standards for the Professional Practice of Internal Auditing and provided to the external QAR team in preparation for their onsite visit in October 2024. The QAR process is required by Institute of Internal Audit (IIA) standards to be completed once every five years. The previous QAR report was issued in January 2020. The current QAR remains on track to provide a final report to the Committee in December 2024.

Other Audit Activities

Collaborative Assessment Updates:

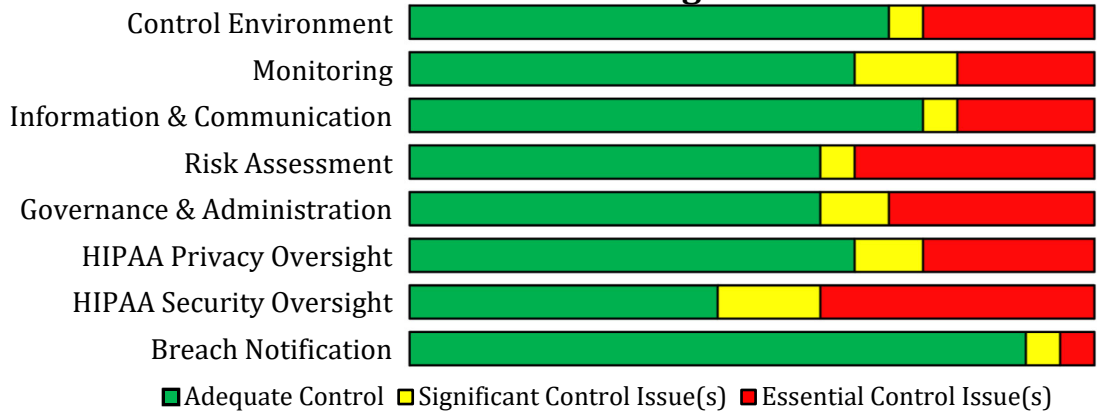
- The Committee was updated in June 2024 on the progress of the remediation efforts addressing the risks identified in the Identity and Access Management (IAM) Collaborative Assessment. Consistent with what was communicated with that presentation, Internal Audit will not provide another update until after the FY25 IAM audit confirms the status of sampled risk remediation efforts asserted by the administration.
- Discussions with the Office of Human Resources (OHR) were held regarding progress to address the recommendations from the Employee Visa and Immigration Support Collaborative Assessment issued in November 2021. None of the report recommendations were considered high risk and thus, are not being followed up on as part of our standard follow-up process. However, Internal Audit will continue to periodically meet with OHR to obtain status updates.

Participated in the following:

- Senior Leadership Team
- President's Policy Committee
- Policy Advisory 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 Steering Committee
- University of Minnesota Foundation Audit Committee
- Metropolitan Council Audit Committee
- Association of College and University Auditors (ACUA) Committee on Athletics

Audit Reports Issued Since June 2024

HIPAA Governance and Oversight Control Evaluation



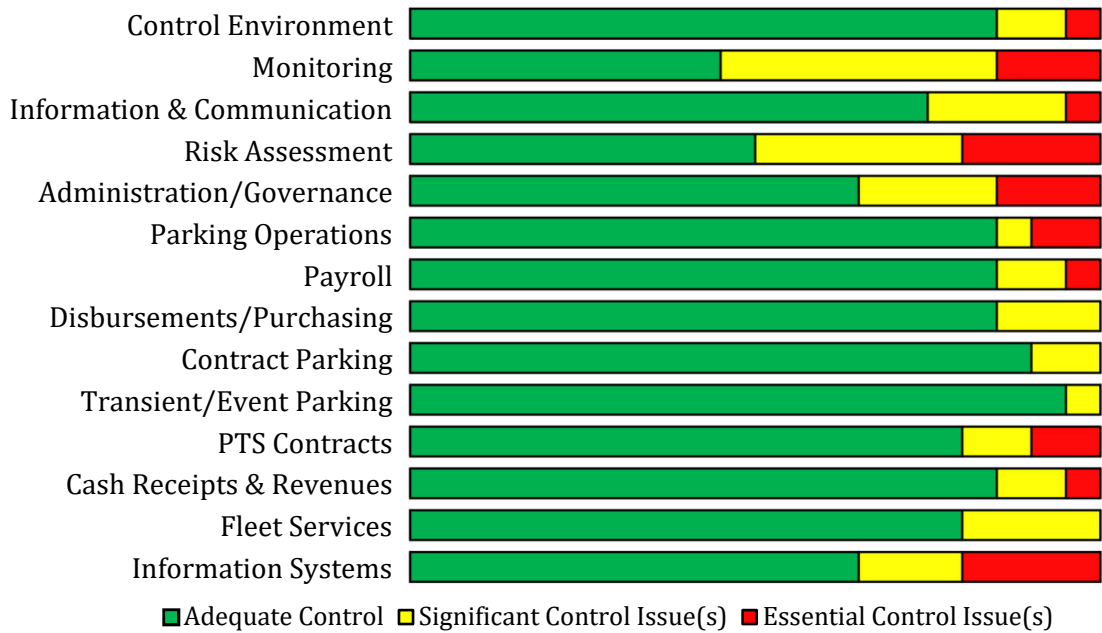
Report Number:	2424	Issue Date:	July 2024
# of Essential Recs:	24	Total # of Recs:	28
Overall Assessment:	Need Improvement	Adequacy of MAP:	Good

The Health Insurance Portability and Accountability Act (HIPAA) of 1996 is a federal law designed to protect an individual's health information (referred to as "Protected Health Information" or PHI). The University is considered a hybrid entity under HIPAA with approximately 20% of units being covered. This includes the University's health plans, most health care provider services (e.g., School of Dentistry, Boynton Health Services and the Community-University Health Care Center), associated support units, and researchers using PHI data. Oversight of compliance with HIPAA requirements is managed jointly at the University primarily by the Health Information Privacy & Compliance Office (HIPCO) and University Information Security (UIS). HIPCO, housed within the Office of Academic Clinic Affairs (OACA), has ultimate responsibility for all processes related to HIPAA compliance.

The audit found the University needs to improve HIPAA governance and oversight mechanisms. The governance structure is informal, and there is inadequate monitoring of compliance and documentation and communication to key stakeholders. These issues are compounded by the University utilizing a variety of disparate technologies for storing and accessing PHI, which poses a challenge in implementing and maintaining effective security controls. Additionally, standardized processes for key HIPAA activities such as risk assessments, incident response, and breach notification were not fully documented nor consistently implemented.

While HIPCO, in collaboration with UIS and others, demonstrates a commitment to promoting the confidentiality and integrity of PHI, these issues need to be addressed to ensure ongoing compliance with federal law. The issues in this report do not currently pertain to any M Health Fairview operations, but if the University reacquires hospital operations, the importance of having strong HIPAA governance and oversight mechanisms will increase dramatically.

Parking and Transportation Services Control Evaluation



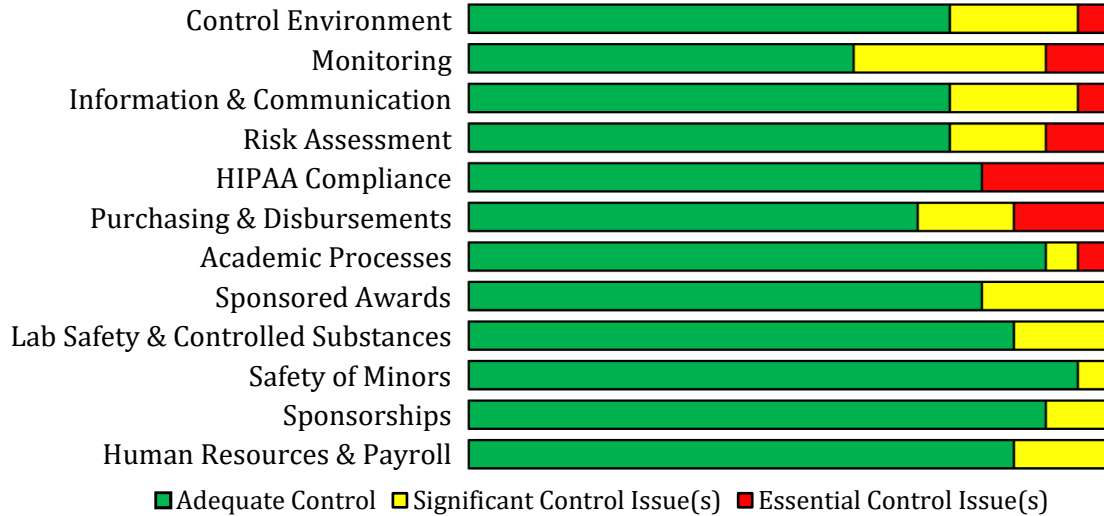
Report Number:	2501	Issue Date:	August 2024
# of Essential Recs:	11	Total # of Recs:	33
Overall Assessment:	Adequate	Adequacy of MAP:	Good

Parking and Transportation Services (PTS) is a self-supporting unit within University Services, which manages fleet services and UMTC’s transit, parking, streets, and waypoint finding. Fleet Services operates on all University campuses and has and maintains over 800 total vehicles. PTS’ transit program consists of five fixed routes through and near the UMTC campus, and more than 300 on-campus paratransit stops. In collaboration with Metro Transit, PTS recently began offering universal transit passes for all eligible students and employee transit passes for all eligible staff and faculty members funded by student fees and central allocations, respectively. PTS recently implemented a new parking system to manage contract parking and collect public payments, which has coincided with moving to 98% of payments now being made by payment cards or other electronic means.

In FY23, PTS had revenues of approximately \$38M. Revenue has recovered since the pandemic, after dropping in FY2021 to \$16.8M. PTS’ leadership managed this temporary loss of revenue through a combination of steps, including temporarily reducing the number of student workers and deferring and/or reducing major maintenance expenditures.

Our audit found PTS has developed a control environment and a system of internal control that adequately addresses most business and compliance risks. However, essential issues were found in several key processes, including: parking payment reconciliations; information security controls associated with the new parking system; ensuring contract terms between the University and Metro Transit are adhered to; and compliance with University policy, payment card industry, and legal requirements.

Dept of Biomedical Engineering Control Evaluation

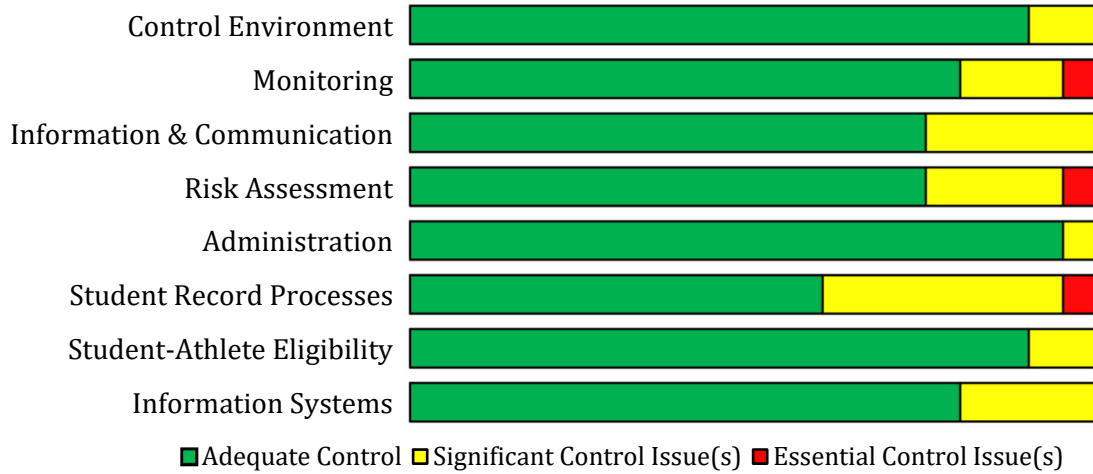


Report Number:	2505	Issue Date:	September 2024
# of Essential Recs:	6	Total # of Recs:	23
Overall Assessment:	Good	Adequacy of MAP:	Good

The Department of Biomedical Engineering (BME) is an academic unit within the College of Science and Engineering that offers degrees at all levels. BME has over 450 undergraduates and 178 graduate students enrolled, and 20 full-time faculty members. BME receives approximately \$16.7M annually in sponsored awards with 27% of faculty involved in clinical trials, 77% with industry contracts and 45% have a start-up company. BME is not part of the University’s Health Care Component. However, they do conduct research that deals with Protected Health Information (PHI).

Our audit affirmed BME has developed a control environment and a system of internal control that addresses most major business and compliance risks. Results of the employee survey also indicated that employees share an exceptionally positive view of management and support staff. However, six essential issues were identified including items associated with HIPAA training compliance, contract management, computer equipment purchasing and setup, adherence to University policy for leasing passenger vans, and misclassification of scholarship payments to a student employee. Other issues identified related to strengthening processes associated with disbursements and travel, graduate school admissions, sponsored awards, lab safety, safety of minors training, handling of sponsorships, and other payroll and human resources processes.

UMD Office of the Registrar Control Evaluation



Report Number:	2506	Issue Date:	September 2024
# of Essential Recs:	1	Total # of Recs:	18
Overall Assessment:	Good	Adequacy of MAP:	Good

Office of the Registrar (OTR) is part of UMD Enrollment Management (EM), which has reported to the UMD Chancellor since June 2024. OTR has a staff of 12 and is led by the UMD registrar, who is responsible for maintaining the accuracy and integrity of UMD student records. This includes managing/coordinating: course scheduling, registration, processing transfer credits, programming degree audit reports, awarding degrees, processing petitions and appeals to UMD academic policies, academic probation and suspension, and the certification of student-athlete eligibility for NCAA compliance.

Our audit affirmed OTR has developed a control environment and a system of internal controls that addresses most major business, compliance, and information technology risks. The OTR leadership team continues working to enhance OTR’s culture, strategic goal setting, and operations. Despite these efforts, risk remains related to the manual nature of many processes and OTR’s relatively small staffing size.

The audit identified 12 issues related to operational, compliance, and technology risks. This includes 1 essential recommendation related to ensuring non-UMD courses’ UMD credit transfer eligibility is evaluated in alignment with OTR policy.

Transition Review Reports Issued Since June 2024

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

Office of Undergraduate Education – Vice Provost and Dean

Report Number:	2502	Issue Date:	September 2024
# of Essential Recs:	0	Total # of Recs:	0
Overall Assessment:	NA	Adequacy of MAP:	NA

The review of the Vice Provost and Dean for the Office of Undergraduate Education transition focused on the administrative aspects of the transition, including any financial or other arrangements made by the departing VP and whether all administrative tasks were current. Financial activities were reviewed from the second half of fiscal year 2024 and up to three years prior. The audit results affirmed the activities of the VP reflected a prudent use of University resources and thoroughness in the necessary administrative functions required for a smooth transition. No issues were identified.

Interim President

Report Number:	2503	Issue Date:	September 2024
# of Essential Recs:	0	Total # of Recs:	0
Overall Assessment:	NA	Adequacy of MAP:	NA

The review of the Interim President's transition focused on the administrative aspects of the transition, including any financial or other arrangements made by the Interim President and whether all administrative tasks were current. Financial activities reviewed ranged from June 2023 to June 2024 depending on the nature of the review. The audit affirmed the activities of the Interim President reflected a prudent use of University resources and thoroughness in completion of administrative functions. No report issues were identified. Some administrative process improvements related to expense processing and documentation were identified during this audit that were beyond the scope of our review. These areas for improvement were shared separately with the Office of the President and the Office of the Board of Regents.

UMD Chancellor

Report Number:	2504	Issue Date:	September 2024
# of Essential Recs:	0	Total # of Recs:	0
Overall Assessment:	NA	Adequacy of MAP:	NA

The review of the Interim UMD Chancellor's transition focused on the administrative aspects of the transition, including any financial or other arrangements made by the Interim Chancellor and whether all administrative tasks were current. Financial activities were reviewed from the second half of fiscal year 2024 and up to two years prior. The audit affirmed the activities of the Interim Chancellor reflected a prudent use of University resources and thoroughness in completion of administrative functions. No report issues were identified. Though beyond the scope of this review, some additional administrative recommendations were identified and communicated separately to the incoming Chancellor.

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 2025								
In fiscal year 2025, to date there have been no recommendations and risks identified in Internal Audit reports for which management stated would be resolved at least in part through the PEAK Initiative.								
Fiscal Years 2022 - 2024								
All previously reported recommendations from fiscal years 2022-2024 for which management initially stated would be resolved at least in part through the PEAK Initiative were followed up on as part of the June 2024 reporting period and are now being resolved separate from PEAK.								