



Audit & Compliance Committee

February 2016

February 11, 2016

3:30 p.m. - 5:00 p.m.

West Committee Room, McNamara Alumni Center

AUD - FEB 2016

1. External Auditor's Review of Completed Audit Work and NCAA Agreed Upon Procedures

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3. Update on Implementation of Intercollegiate Athletics Recommendations

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BOARD OF REGENTS DOCKET ITEM SUMMARY

Audit & Compliance

February 11, 2016

AGENDA ITEM: External Auditor’s Review of Completed Audit Work and NCAA Agreed-Upon Procedures

Review **Review + Action** **Action** **Discussion**

This is a report required by Board policy.

PRESENTERS: Michael Volna, Associate Vice President & Controller
Katie Knudtson, Partner, Deloitte & Touche LLP

PURPOSE & KEY POINTS

The purpose of this item is to provide an update on FY 2015 audit services performed by Deloitte since the update in December 2015. Services to be discussed will include:

- Federal A-133 compliance audit.
- MN Office of Higher Education financial aid programs examination.
- NCAA agreed-upon procedures engagement.
- Management recommendations resulting from 2015 engagements.

BACKGROUND INFORMATION

The external auditors present their audit results to assist the Board with its fiduciary responsibilities and to comply with professional standards for audit firms. This report is presented to the Board of Regents Audit & Compliance Committee in conformance with the Board of Regents Policy: *Board Operations and Agenda Guidelines*.

University of Minnesota

Presentation to the Audit & Compliance Committee of the Board of Regents



Summary of other 2015 audit services

A-133 Single Audit

- Audit report on the schedule of expenditures of federal awards for the year ended June 30, 2015, issued in November 2015
- Audit performed in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-133, including the OMB Compliance Supplement dated June 2015
- Audit required for federal expenditures in excess of \$500,000
 - Total University of Minnesota (the “University”) federal expenditures for the year ended June 30, 2015 were ~\$1.036 billion
- Identified the following as major federal programs to be tested:

Major Federal Program	2015 Expenditures (in thousands)
Research and Development Cluster	\$ 504,000
Student Financial Assistance Cluster	447,700
Special Education Teacher Assistance	11,700

- The University continues to qualify as a low-risk auditee
- Unmodified opinions on compliance for all major programs
- No significant deficiencies or material weaknesses in internal control over major programs
- No material instances of noncompliance for major programs
- No findings or questioned costs noted

Minnesota Office of Higher Education Financial Aid Programs examination

- Compliance examination for state grants performed in connection with A-133 Single Audit
- Due to changes in the audit guide from the Office of Higher Education, separate reports are required for each campus in the current year
 - This resulted in a significant increase in required sample sizes, with sample sizes nearly tripling
- Reports issued January 25, 2016
- One finding noted
 - University of Minnesota – Duluth student that received aid prior to application and approval
 - Student aid was cancelled in January 2016
 - University is in the process of returning the funds to the state of Minnesota

Student fees agreed-upon procedures

- Procedures performed for 35 student organizations (9 full-scope and 26 limited-scope) with respect to the financial affairs and accounting records of the student organizations
- Funding for the student organizations comes through student tuition fees and is managed and controlled by the Fees Committee (independent of the University)
- Findings noted and communicated to management of the student organizations and student fees committee, as applicable:
 - Lack of underlying account reconciliations
 - Lack of consistency of supporting documentation
- Reports planned to be issued week of February 1, 2016

NCAA agreed-upon procedures

- Procedures performed for the University of Minnesota Athletic Department's compliance with NCAA bylaws
- Report issued January 15, 2016
- Findings noted and communicated to management include:
 - Professional soccer game: The University hosted a professional soccer game during the reporting period, and recorded a portion of the revenues related to the event in the prior fiscal year (at the time the tickets for the event were sold) that should have been recognized in the current fiscal year, when the game occurred and revenue was earned.
 - Concert: A portion of revenues and expenditures for a concert hosted by the University during the reporting period were recognized in the next fiscal year and should have been recorded during the current fiscal year, when the concert occurred and revenue was earned.
 - Student Aid: One student received athletic aid at an out-of-state level rather than in-state level, resulting in the wrestling team exceeding their scholarship allotment by a small amount. The University notified the NCAA of the noncompliance.
 - Equivalency: One 5th year student was excluded from the squad lists provided by the University to the NCAA. The University notified the NCAA of the noncompliance, and has added the student to the squad list; however, as the student had exhausted her eligibility and was no longer counting toward the team's scholarship limit, there was no impact on the team's overall scholarship equivalency calculations.

University of Minnesota

Schedule of Expenditures of Federal Awards and
Schedule of Findings and Questioned Costs
for the Year Ended June 30, 2015, and
Independent Auditors' Reports

UNIVERSITY OF MINNESOTA

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Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

Board of Regents
University of Minnesota
Minneapolis, Minnesota

Report on Compliance for Each Major Federal Program

We have audited the University of Minnesota's (the "University") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2015. The University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the University's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the University's compliance.

Opinion on Each Major Federal Program

In our opinion, the University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of the University is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the University's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the University as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the University's basic financial statements. We issued our report thereon dated November 10, 2015, which contained an unmodified opinion on those financial statements (and which included an emphasis of matter paragraph related to the University's adoption of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*). Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures

applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Deloitte & Touche LLP

November 24, 2015

UNIVERSITY OF MINNESOTA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2015

Cluster, Agency, Subagency, Pass-through Entity	Pass-Through Award #	CFDA#	ARRA	CFDA Program Title	Federal Expenditures
CLUSTERS					
RESEARCH AND DEVELOPMENT CLUSTER					
Agency for International Development					
Passthrough:					
CIMMYT Int'l Maize & Wheat Improvement	No Award Number	98			\$ 4,957
Purdue University	8000055865/206766 Amend 1	98			11,339
United States Pharmacopeial Convention	FAA-15-013	98			17,429
University of California, Davis	201400223-13	98			3,018
Department of Agriculture					
Direct					
10					
1,574,651					
Passthrough:					
Land Stewardship Project	No Award Number	10			1
Leech Lake Band of Ojibwe	2015-NIFA-UMD	10			7,286
Michigan Technological University	1103027Z1 Mod 1	10			15,217
Michigan Technological University	1207008Z1 Mod 1	10			9,263
MN Department of Agriculture	A-83114 13255	10			58,333
MN Department of Agriculture	Contract No. 53918 Amend 1	10			2,650
National Honey Board	No Award Number	10			12,738
University of Wisconsin-Madison	529K115	10			13,357
University of Wisconsin-Madison	562K225	10			40,593
University of Wisconsin-Madison	576K251	10			15,445
Department of Agriculture, Agricultural Marketing Service					
Direct					
10					
36,024					
Passthrough:					
MN Department of Agriculture	54790/3000005958	10			21,222
MN Department of Agriculture	57316 3(5)6698 amendment	10			39,518
MN Department of Agriculture	71850	10			37,649
MN Department of Agriculture	86196	10			27,122
MN Department of Agriculture	86199/13976	10			9,334
MN Department of Agriculture	86202	10			8,670
MN Department of Agriculture	86203/13978	10			11,226
MN Department of Agriculture	86765 14142	10			6,689
MN Department of Agriculture	Contract No. 38765 Amendment 1	10			4,750
MN Department of Agriculture	Contract No. 54787/P.O. #3000005957	10			34,303
Department of Agriculture, Agricultural Research Service					
Direct					
10					
1,936,774					
Department of Agriculture, Animal and Plant Health Inspection Service					
Direct					
10					
148,641					
Passthrough:					
MN Department of Agriculture	A-65105 3(5)8758 amendment	10			175
Department of Agriculture, Economic Research Service					
Direct					
10					
173,925					
Passthrough:					
Cornell University	62140-9876 Amd #2	10			7,722
Department of Agriculture, Foreign Agricultural Service					
Direct					
10					
6,628					
Department of Agriculture, Forest Service					
Direct					
10					
88,306					
Passthrough:					
Virginia Tech	422139-19114	10			16,355
Department of Agriculture, National Institute of Food and Agriculture					
Direct					
10					
17,510,614					
Passthrough:					
Colorado State University	G-57057-1	10			77,515
Cornell University	64094-9750 Amend 3	10			117,134
Cornell University	64188-9740 Amend 4	10			8,322
Cornell University	72159-10314/2014-67015-22040	10			20,749
Intelligent Optical Systems, Inc	IOS #3226	10			19,936
Iowa State University	416-17-01C	10			290,060

(Continued)

UNIVERSITY OF MINNESOTA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015**

Cluster, Agency, Subagency, Pass-through Entity	Pass-Through Award #	CFDA#	ARRA	CFDA Program Title	Federal Expenditures
Iowa State University	416-23-24B/PO IL 85822-23	10			\$ 140,170
Iowa State University	416-40-25A	10			56,010
Iowa State University	416-40-63G amd 4	10			234,270
Iowa State University	416-40-93B/PO I3-96825-23	10			25,543
Iowa State University	416-41-07A	10			23,958
Iowa State University	416-41-39A	10			8,750
Kansas State University	S12159	10			25,475
Michigan State University	RC100056UM Amend 4	10			81,169
Michigan State University	RC101676UM Amend 3	10			38,258
Michigan State University	RC103168UMN	10			100,537
Michigan State University	RC103522UMN	10			108,572
Michigan State University	RC104283B	10			56,141
Michigan State University	RC104285H Amd 1	10			25,958
Mississippi State University	080500.330345.01 Amendment No. 1	10			18,650
North Carolina State University	2011-0056-02	10			193,800
North Dakota State University	FAR0018591-1	10			18,331
Oregon State University	C0486A-A	10			9,295
Sun Grant	3TB497	10			68,514
Temple University	PO139259/Sub No240245	10			71,501
Texas A&M University	06-S130684/Prime 2013-68004-20361	10			86,210
The University of Arizona	176324/2009-41520-05369	10			47,999
The University of Arizona	70938/2012-68003-19812 prime	10			127,559
The University of Georgia	RE677-492/4945386	10			4,793
Univ of Illinois at Urbana-Champaign	2014-07306-05	10			1,067
University of California, Davis	201015718-16	10			913,850
University of Connecticut	Agreement #7068, FRS #525804, PO #4908	10			2,258
University of Florida	Project #00085425 UF09223	10			109
University of Maryland	Z552803 Amendment D	10			91,952
University of Nebraska-Lincoln	25-6324-0119-005	10			49,912
University of Wisconsin-Madison	350K884 Amend 4	10			61,693
University of Wisconsin-Madison	419K930 Amendment 1	10			746
University of Wisconsin-Madison	428K094 Amendment 02	10			56,148
University of Wisconsin-Madison	499K236 Amendment 01	10			9,134
University of Wisconsin-Madison	499K240 Amendment 01	10			30,005
University of Wisconsin-Madison	502K740 Amd No. 1 and No. 2	10			33,046
University of Wisconsin-Madison	576K645	10			22,247
University of Wisconsin-Madison	613K664	10			6,175
Utah State University	13040101/2013-67015-21241	10			84,634
Virginia Polytechnic Inst & State Univ	422183-19114/422262-19114 Amend 6	10			424
Washington State University	115808 G002979	10			189,396
Department of Agriculture, Natural Resources Conservation Service					
Direct		10			32,526
Passthrough:					
The Xerces Society, Inc	No Award Number	10			20,679
Department of Agriculture, Rural Business-Cooperative Service					
Passthrough:					
Iowa State University	412-30-14A	10			13,884
Iowa State University	412-30-15	10			28,790
Department of Agriculture, The Office of the Chief Economist					
Direct		10			17,447
Department of Commerce					
Passthrough:					
Northeast-Midwest Institute	Subcontract #GSIUMD09-10 Am. #5	11			125,343
Department of Commerce, National Institute of Standards and Technology (NIST)					
Direct		11			108,589
Department of Commerce, National Oceanic and Atmospheric Administration (NOAA)					
Direct		11			235,455
Passthrough:					
Great Lakes Observing System	Project # IOOS/DATA-01	11			29,601
Minnesota's Lake Superior Coastal Prog	81482/3000062417	11			7,269

(Continued)

UNIVERSITY OF MINNESOTA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2015

Cluster, Agency, Subagency, Pass-through Entity	Pass-Through Award #	CFDA#	ARRA	CFDA Program Title	Federal Expenditures
Minnesota's Lake Superior Coastal Prog	88814/3000070776	11			\$ 607
Minnesota's Lake Superior Coastal Prog	Contract No. 51058/P.O. #3000025443	11			24,415
Minnesota's Lake Superior Coastal Prog	Grant Contract 51056 Amend #1	11			18,078
MN Department of Natural Resources	14-306A-01 - 88200/3000070063	11			3,963
MN Department of Natural Resources	CoastalAgreem#13-306-08/3000046285	11			6,338
MN Department of Natural Resources	CoastalAgreem. 13-306-15/3000046319	11			12,747
MN Department of Natural Resources	CoastalAgreem. 13-306-17/3000046326	11			27,688
MN Department of Natural Resources	CoastalAgreem. 13-306-19/3000046356	11			20,194
University of Michigan	3002475295	11			172,490
Department of Defense					
Direct		12			1,511,383
Passthrough:					
Boston Applied Technologies, Inc	PO #2499A	12			85,586
Freytag & Co LLC	No Award Number	12			(119,878)
General Dynamics	14-SC-0104 mod 1	12			175,934
HDR Engineering, Inc	191717-164 am 2	12			199,676
High Performance Tech Inc	14463-PETTT-UMN	12			107,937
Honeywell Inc	PO 4205812813	12			42,238
HRL Laboratories, LLC	13006-302965-DS	12			500,139
MN Veterans Medical Research & Educ Fdn	DOD2013-12	12			2,365
Optomec, Inc	W.O. 01416/2	12			91,165
Orbis Biosciences, Inc	No Award Number	12			56,602
Physical Optics Corporation	4899-UM USDOD W911NF-14-P-0040	12			6,180
Rockwell Collins, Inc	4504789784	12			176,229
Smart Information Flow Tech	FUZZB-UMN-01	12			98,013
Technology Service Corporation	TSC-1076-40066	12			19,988
Department of Defense, Advanced Research Projects Agency					
Direct		12			1,178,406
Passthrough:					
California Institute of Technology	102-1094102	12			56,489
IBM Corporation	4912038362	12			69,420
Northwestern University	HR0011-13-2-0002/ SP0020251-PROJ0005715	12			93,000
Univ of Illinois at Urbana-Champaign	2012-05660-03/A0128	12			56,999
University of Rochester	PO 415794-G/HR001-10-C-0111	12			150,000
Department of Defense, Department of the Air Force, Materiel Command					
Direct		12			4,017,540
Passthrough:					
California Institute of Technology	52-1093214	12			318,697
Carnegie Mellon University	1150119-294738	12			230,026
Rice University	R18711 - Sub#FA9550-15-1-0022	12			60,756
The Ohio State University	PO# RF01358604 Project# 60041477	12			146,045
Univ of North Carolina at Charlotte	20100669-03-UMN	12			157,924
University of Pennsylvania	556016	12			302,858
University of Southampton	514541101	12			143,251
University of Washington	762974	12			61,751
Department of Defense, Department of the Navy, Office of the Chief of Naval Research					
Direct		12			3,516,738
Passthrough:					
Massachusetts Institute of Technology	5710003352	12			124,035
University of California, Berkeley	00008157 Amend 03	12			110,226
University of California, Los Angeles	1015 G QA113/ N00014-12-1-0883	12			70,945
University of Michigan	3002460613	12			202,649
Department of Defense, National Security Agency					
Direct		12			86,518
Department of Defense, Office of the Secretary of Defense					
Direct		12			1,608,046
Passthrough:					
Oklahoma State University	AA-5-33690	12			101,592
Department of Defense, U.S. Army Materiel Command					
Direct		12			2,490,202

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UNIVERSITY OF MINNESOTA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015**

Cluster, Agency, Subagency, Pass-through Entity	Pass-Through Award #	CFDA#	ARRA	CFDA Program Title	Federal Expenditures
Passthrough:					
3M Co	PO #USMMMR74D6	12			\$ 165,636
BBN Technologies Corp	0W911NF-09-2-0053	12			87,866
Cornell University	66220-9899	12			64,208
Intel Corporation	CW1987326	12			48,670
Rice University	R17833 am 4	12			435,631
Department of Defense, U.S. Army Medical Command					
Direct		12			5,181,355
Passthrough:					
Albert Einstein College of Medicine	PO#0097590-AE#321114-W81XWH-13-1-0180	12			79,015
CHILDREN'S RESEARCH INSTITUTE	Agreement 01-W81XWH-12-1-0417	12			236
Holland Bloorview Kids Rehab Hospital	No Award Number	12			57,336
Minneapolis Medical Research Foundation	4-22-2013 FIXIT Mod #1	12			498
Minneapolis Medical Research Foundation	METRC2 - W81XWH1020091 Mod 4	12			68,278
Rutgers, The State Univ of New Jersey	Org code10578/PO#S156163/Acct #4-29429	12			5,390
University of California, Irvine	2012-2892	12			3,708
University of Washington	Subaward No. 757348	12			149,315
Department of Education					
Passthrough:					
American Institutes for Research	01241-03175/ED-IES-12-C-004	84			16,951
Department of Education, Institute of Education Sciences					
Direct		84			2,652,551
Passthrough:					
KU Center for Research, Inc	FY2009-005-M4	84			4,031
Mathematica Policy Research, Inc	06876S01681	84			43,050
The Univ of N Carolina at Chapel Hill	5-39254	84			101,928
The University of Kansas	FY2013-003	84			77,661
University of Oregon	224520A	84			127,674
Department of Education, Office of Elementary and Secondary Education					
Passthrough:					
Intermediate District #287	S342747, S343084, S343403	84			49,807
Department of Education, Office of Innovation and Improvement					
Direct		84			5,174,737
Department of Education, Office of Postsecondary Education					
Direct		84			322,820
Department of Education, Office of Special Education and Rehabilitative Services					
Direct		84			1,066,087
Passthrough:					
Advanced Medical Electronics Corporation	AME14-NIDRREhancedConv-14/H133S130064	84			12,839
Koronis Biomedical Technologies Corp	H133S110050	84			12,449
Pennsylvania State University	4568-UM-USDE-0030	84			48,696
Univ of Illinois Chicago	H133B140046	84			45,160
Department of Energy					
Direct		81			14,906,236
Direct		81	ARRA		(66)
Passthrough:					
Aerosol Dynamics Inc	3334 am 1	81			23,444
California Institute of Technology	52-1095145	81			216,719
Colorado State University	G-22033-1 am 1	81			38,057
Columbia University	G04609/GG009328/G06037	81			139,310
Consortium for Plant Biotechno	GO12026-304/DE-FG36-02GO12026-008 Amd G	81			1,839
Consortium for Plant Biotechno	GO12026-319/DE-FG36-02GO12026-008 Amd H	81			168
Donald Danforth Plant Science Center	23009-MN	81			166,344
Eaton Corporation	PO# 0011-39255	81			172,000
Laurentian Energy Authority, LLC	Amendment 3	81			77,782
MN Department of Commerce	90130 - UofM (MNTAP Sub DE6888)- G	81			11,159
MOgene LC	DE-AR0000457 REMOTE	81			30,809
MSP Corporation	DE-SC0013302	81			13,775
Princeton University	00001701 Mod. 6	81			66,681
Princeton University	S012824-F	81			19,122

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UNIVERSITY OF MINNESOTA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015**

Cluster, Agency, Subagency, Pass-through Entity	Pass-Through Award #	CFDA#	ARRA	CFDA Program Title	Federal Expenditures
South Dakota State University	3TG155 Amend. 3	81			\$ 916
South Dakota State University	3TM162	81			25,230
South Dakota State University	3TS162	81			161,636
Stanford University	US DOE Subaward 60544213-107908	81			115,105
The Research Foundation of SUNY	11-30/DE-FE0007190	81			5,941
The University of Texas at Austin	UTA15-000561	81			5,046
Univ of Texas	UTA12-000915	81			158,960
University of California, Berkeley	8631	81			30,048
University of Delaware	21114 Amd. 4	81	ARRA		24,942
University of Delaware	37791/DE-SC0001004	81			106,492
University of Michigan	3001346400 Amd. 6	81			373,606
University of Notre Dame	209008, 202373 Amd. 7	81	ARRA		125,168
Washington State University	118717-G003369	81			27,767
Yale University	00018874C08E10003/DE-FG02-08ER46482	81			33,896
Department of Energy, National Nuclear Security Administration					
Direct		81			451,987
Department of Energy, Office of Energy Efficiency and Renewable Energy					
Direct		81			398,432
Department of Energy, Office of Science					
Direct		81			3,409,878
Passthrough:					
Battelle	00102037 am 1	81			102,752
Battelle	4000115217	81			46,292
South Dakota State University	3TS676	81			112,696
Department of Health and Human Services					
Direct		93			473,177
Passthrough:					
RAND Corporation	Subcontract 9920150029	93			21,799
Research Triangle Institute	Task Order 007 Subcontract 3-312-0212704	93			37,886
Science Applications International Corp	Subcontract S09-214/29XS214	93			(6,787)
The University of Alabama at Birmingham	000438814 TO3 SC001	93			56,097
University of South Florida	PO #0000161342 Amendment #6	93			64,510
University of Washington	727119 Am 3	93			157,961
Department of Health and Human Services, Administration for Children and Families					
Direct		93			93,525
Passthrough:					
Child Trends, Inc	90YE0132-03 Modification #002 and #003	93			8,601
MN Department of Human Services	GRK% 30794 Am 3	93			11,485
Department of Health and Human Services, Administration for Community Living					
Passthrough:					
Vanderbilt University	VUMC 42027 Amend 2 NCE	93			27,438
Department of Health and Human Services, Agency for Healthcare Research and Quality					
Direct		93			2,981,867
Passthrough:					
Indiana University	IN-4688351-UM/PO Number 912940 Am 3	93			18,951
Indiana University	PO#1238570	93			53,753
Medica Research Institute	2013-67	93			1,397
Medica Research Institute	UNIMN-0064	93			66,069
Minneapolis Medical Research Foundation	R18HS022065	93			7,959
Purdue University	4102-67281	93			158,281
University of Michigan	3003309463	93			4,013
Department of Health and Human Services, Centers for Disease Control and Prevention					
Direct		93			2,997,590
Passthrough:					
Battelle	370712 PO US001-0000370712	93			(7,112)
Big Brothers Big Sisters-Greater TC	No Award Number	93			32,448
MN Department of Health	1093839	93			4,952
MN Department of Health	55946	93			44,917
MN Department of Health	91052	93			675
MN Department of Health	No Award Number	93			10,953

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Cluster, Agency, Subagency, Pass-through Entity	Pass-Through Award #	CFDA#	ARRA	CFDA Program Title	Federal Expenditures
Simmerson, LLC	SIMmersion LLC	93			\$ 10,785
The National Fragile X Foundation	No Award Number	93			1,058
University of Pennsylvania	565259	93			9,185
Department of Health and Human Services, Centers for Medicare and Medicaid Services					
Passthrough:					
Mayo Clinic Rochester	1C1CMS330964-01-00	93			15,238
Mayo Clinic Rochester	1C1CMS330964-03-00	93			36,379
Minnesota Hospital Association	HEN LEAPT	93			28,628
MN Department of Human Services	64294 Amend 2	93			52,903
MN Department of Human Services	PTL%70316	93			266,531
Department of Health and Human Services, Food and Drug Administration					
Passthrough:					
Nat'l Capital Consortium Ped Device Innov	PID3000-1895	93			2,422
Nat'l Inst for Pharm Technology & Educ	NIPTE-U01-MN-2014-001 AMD 001	93			62,643
Nat'l Inst for Pharm Technology & Educ	NIPTE-U01-MN-2015-001	93			62,289
Oregon Health & Science University	1002563UMINN	93			5,184
Department of Health and Human Services, Health Resources and Services Administration					
Direct		93			108,608
Passthrough:					
Minneapolis Medical Research Foundation	MMRF#07315	93			20,308
MN Department of Health	No Award Number	93			286,323
National Opinion Research Center	6673-03-Univ. of Minnesota	93			71,883
Northeast MN Area Health Education Ctr	UMN006	93			6,258
University of Illinois at Chicago	2010-04296-06-04	93			198,733
Department of Health and Human Services, National Institutes of Health					
Direct		93			250,948,174
Direct		93	ARRA		(217)
Passthrough:					
Advanced Medical Electronics Corporation	AME13-GrapheneSensor-19	93			2,365
Advanced Medical Electronics Corporation	AME14-GrapheneSensor-15	93			36,001
Advanced Medical Electronics Corporation	AME14-MicArray-07/DC011468-02	93			30,344
Advanced MRI Technologies	1R44NS073417 Amend 4	93			46,532
Adventium Labs	1025-002-001-010	93			112,401
Albert Einstein College of Medicine	310268. Amend 5	93			1,215
Allina Health System	CCTRN5/UM1HL087394	93			85,224
Allina Health System	No Award Number	93			62,685
Altor Bioscience Corporation	UMN-ALT-803-02-13 MM Trial	93			8,304
American College of Radiology	ACRIN 6698 Institution #4246	93			32,429
Audiology Inc	R33DC011769	93			15,608
Beckman Res Inst of the City of Hope	22390.914991.6688	93			4,858
Beth Israel Deaconess Medical Center	Subaward No. 01026554-COREB	93			396,902
Biostrategies LC	Grant 1R43NS086326-01	93			5,106
Black Hills Ctr For Amer Indian Health	3P50CA148110-05S1	93			44,102
Boston College	5100711-5, Amend 1	93			189,393
Boston University	BUMC #4500001119/AG018037-14	93			22,251
Boston University Medical Campus	Activity# 0294301 PO# 787779 Amd #1	93			4,837
Brigham and Women's Hospital	105963 AMD4	93			17,066
Brigham and Women's Hospital	CALGB	93			18,235
Brigham and Women's Hospital	PS#105087/CTOT-11	93			9,811
Brigham and Women's Hospital	Subaward #111014/U01AG048270	93			20,000
Brown University	0000199 Amd 4 (PO# P252628)	93			1,099
California Pacific Medical Center	28021005-S174 amd 1	93			23,501
California Pacific Medical Center	2803209-S099 Amendment 5	93			131,916
California Pacific Medical Center	2803232-S150 amd 3	93			39,374
Carnegie Mellon University	1090394-319875	93			4,221
Carolinas Healthcare System	1R01DE023375-01A1	93			10,028
Carolinas Healthcare System	1U01DE022909 amend # 3	93			230,672
Carolinas Healthcare System	2000203699	93			39,604
Case Western Reserve University	RESS07525/DK094157/RES508318RES509263	93			143,325
Case Western Reserve University	RESS08612 Amend 2	93			10,365

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Cluster, Agency, Subagency, Pass-through Entity	Pass-Through Award #	CFDA#	ARRA	CFDA Program Title	Federal Expenditures
Children's Hospital Boston	PO# 0000588719 - Amendment 7	93			\$ 181,151
Children's Hospital Boston	PO#0000620691	93			3,127
Children's Hospital Los Angeles	P2013-0010 Amendment 4	93			197,629
Children's Hospitals & Clinics of MN	No Award Number	93			22,797
Children's Research Institute	CINRG Study Specific Agreement 01 Amend2	93			3,294
Children's Research Institute	CINRG Study Specific Agreement 04 Mod 2	93			4,835
Cincinnati Children's Hospital Med Ctr	109363/R24HL105333	93			3,434
Cincinnati Children's Hospital Med Ctr	Subaward 134433	93			202,878
Cincinnati Children's Hospital Med Ctr	Subaward No. 130466 PO #3100271635	93			15,083
Cleveland Medical Devices, Inc	No Award Number	93			21,673
Connecticut Children's Medical Center	Agreement #12-179296-35-01	93			1,064
Cornell University	14040540 AMD #4	93			210,345
Dartmouth College	1558	93			10,410
Dartmouth College	Subaward No. 895	93			33,940
Discovery Genomics Inc	D228017 Amend 3	93			15,424
Dnatrek, LLC	R41ES025070	93			13,302
Duke University	2032595	93			9,183
Duke University	5U19AI056363-10REV 2032964	93			7,104
Duke University	HHSN-2752010000031 Task Order 25/Amend 1	93			2,466
E. I. du Pont de Nemours and Company	Account # 30-03671-001 Amd 4	93			2,471
Eastern Coop Oncology Group	MB2O36BV-00 Amendment #7	93			31,000
Emory University	Subaward T263357	93			147,267
Emory University	T268906 AMD No. 5	93			387,097
Emory University	T300501	93			9,830
FHI 360 Disaster Relief Fund	5466	93			14,078
Florida Atlantic Univ	RJ23/DSR#11-434(2)/Acct#180283	93			76,279
Florida Atlantic Univ	RJ44	93			45,203
Florida International University	800001054-02, Amend 4	93			26,914
Fluorescence Innovations, Inc	41275	93			31,575
Fox Chase Cancer Center	FCCC15057-05/PO# SQ1305629/PO#201020042	93			31,324
Fox Chase Cancer Center	HHSN26100002 (FCCC 18031-01)	93			137,585
Fred Hutchinson Cancer Research Center	0000773484/5U54CA163438/0000782578	93			11,442
Fred Hutchinson Cancer Research Center	0000773490/CA163438/0000782576	93			2,063
Fred Hutchinson Cancer Research Center	785108	93			(31,323)
Fred Hutchinson Cancer Research Center	806483	93			100,998
Fred Hutchinson Cancer Research Center	0000813861 Project 207806	93			516
Fred Hutchinson Cancer Research Center	0000813870 Project 207806	93			15,502
Fred Hutchinson Cancer Research Center	5R01CA118953-08/212968/828636-211014	93			16,464
Fred Hutchinson Cancer Research Center	754108-212018/212022-S4459/782575-212018	93			28,773
Fred Hutchinson Cancer Research Center	782577-212021/212022S4919/754111-212021/	93			6,339
Fred Hutchinson Cancer Research Center	subaward 0000753275/prev #730289	93			33,651
Genesegues, Inc	Subcontract S0001	93			680
Georgia Regents University	Subaward No. 25034-24 Amendment 1	93			4,859
Gynecologic Oncology Group	27469-013	93			54,595
Harvard Medical School	Subaward 152382.5087275.1108	93			335,625
Harvard University	116349-5077672/1R01AG048037	93			125,376
Harvard University	135955	93			189
Harvard University	151182-0002	93			14,878
Harvard University	152441.5079288.0003 Amend 1	93			29,427
Harvard University	PO 0000595083 - Amendment 1	93			54,867
Hauptman-Woodward Medical Research Inst	6200-3	93			9,927
Health Research, Inc	HRI Contract No. 29-01/55-7014-19 Am 4	93			(1,512)
HealthPartners Inst for Educ & Research	85285270-X1103700	93			49,210
HealthPartners Inst for Educ & Research	A/U 85285270 - X0909600	93			100,630
HealthPartners Inst for Educ & Research	A08-132/X0813200, MOD 5	93			10,806
HealthPartners Inst for Educ & Research	PO 85285270-X1109000 -- Mod 2	93			15,175
HealthPartners Inst for Educ & Research	Subaward X1317500-UMN	93			9,236
HealthPartners Inst for Educ & Research	X1301200UMN	93			27,326
HealthPartners Inst for Educ & Research	X1303300-UMN	93			6,683
Institut Pasteur	R01AI042361	93			199,646

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Cluster, Agency, Subagency, Pass-through Entity	Pass-Through Award #	CFDA#	ARRA	CFDA Program Title	Federal Expenditures
Iowa State University	430-46-05B Amendment 4	93			\$ 206,001
IRIS Media Inc	Project ID 68/ HD066896	93			54,964
Jaeb Center for Health Research	1U10EY020797-01A1 Site 112	93			7,887
Jaeb Center for Health Research	EY12358	93			(29,262)
Jaeb Center for Health Research	No Award Number	93			1,093
Jaeb Center for Health Research	U10EY14231 Protocol V	93			6,374
Johns Hopkins University	2000834334 Amd 8	93			123,676
Johns Hopkins University	2001110252/R01EB12547	93			24,031
Johns Hopkins University	2001184189 Amd. 4	93			19,922
Johns Hopkins University	2001660168 (5U01-CA164975-03) amd 3	93			72,289
Johns Hopkins University	2002206440	93			4,783
Johns Hopkins University	2002345502	93			4,185
Johns Hopkins University	DK083551	93			2,889
Johns Hopkins University	PO Number 2002098367	93			10,774
Johns Hopkins University	PO Number 2002098368	93			1,412
Johns Hopkins University	PO Number 2002108586	93			8,390
Johns Hopkins University	Subaward 2001374023, Amend 6	93			28,702
Joslin Diabetes Center, Inc	1987203-2 Amendment 3	93			219,648
Joslin Diabetes Center, Inc	1987203-8, Amend 3	93			355,369
Joslin Diabetes Center, Inc	Subaward # 1987203-4 Amendment 3	93			376,402
Kaiser Fdn Res Inst	115-9488-01/KR021096, Amend 4	93			328,332
Kaiser Permanente	115-9107-02 M1/ KR020815 AMD#4	93			70,790
Kansas State University	S15214	93			4,585
Koronis Biomedical Technologies Corp	1R41 TR000367-01A1	93			624
Koronis Biomedical Technologies Corp	KB114-NeurocogGame-11	93			5,000
KU Center for Research, Inc	FY2015-060	93			822
La Jolla Inst for Allergy & Immunology	Subaward No 27004-98-391	93			28,144
Leidos Biomedical Research, Inc	11XS245, MOD#9	93			10,920
Leidos Biomedical Research, Inc	12XS455/STO10/A02106ST MOD#4	93	ARRA		3,906
Leidos Biomedical Research, Inc	12XS455/STO2/A02098ST MOD3	93			(132)
Leidos Biomedical Research, Inc	12XS455/STO5/A02101ST MOD#4	93	ARRA		3,077
Leidos Biomedical Research, Inc	12XS455/STO7/A02103ST MOD#3	93	ARRA		544
Leidos Biomedical Research, Inc	12XS455/TO1/A64641 Mod #2	93			580
Leidos Biomedical Research, Inc	13XS134TO3	93			1,273,765
Leidos Biomedical Research, Inc	13XS134TO4	93			116,777
Leidos Biomedical Research, Inc	13XS134TO5	93			1,749,833
Leidos Biomedical Research, Inc	13XS134TO6	93			258,541
Leidos Biomedical Research, Inc	29XS128 TO23 MOD 3	93			4,457
Leidos Biomedical Research, Inc	29XS128, Order #08, A59101, MOD#13	93			472,480
Leidos Biomedical Research, Inc	Task Order #: 13XS134TO1 Mod 04	93			6,797,592
Leidos Biomedical Research, Inc	Task Order #: 13XS134TO2	93			292,881
Leidos Biomedical Research Inst	Subaward 20954-UMN Amendment 3	93			116,461
Lovelace Respiratory Research Inst	JK140889	93			19,252
Loyola University of Chicago	LU # 206610	93			15,967
Massachusetts General Hospital	Subaward No. 219591 Amend 2	93			15,874
Mayo Clinic Rochester	5P01HL076611-10	93			10,340
Mayo Clinic Rochester	5P50CA116201-09/PO No. 63774669	93			98,363
Mayo Clinic Rochester	5R01CA154517-04/PO #63696322	93			273,433
Mayo Clinic Rochester	5R01CA164241-04/PO #63716241	93			11,093
Mayo Clinic Rochester	5R01HL110539-04/PO #63691532	93			238,425
Mayo Clinic Rochester	5U01DK082843-07 Amend 6	93			168,364
Mayo Clinic Rochester	5UL1TR000135-08/ PO 63320465/63672488	93			6,232
Mayo Clinic Rochester	63202828	93			31
Mayo Clinic Rochester	63216555	93			31,306
Mayo Clinic Rochester	63425576	93			52,870
Mayo Clinic Rochester	63551920 Amd #2	93			9,526
Mayo Clinic Rochester	63618346/5R01CA168575-02	93			40,312
Mayo Clinic Rochester	63657529 AMD1	93			52,287
Mayo Clinic Rochester	63774980	93			22,023
Mayo Clinic Rochester	63795173	93			23,731

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Cluster, Agency, Subagency, Pass-through Entity	Pass-Through Award #	CFDA#	ARRA	CFDA Program Title	Federal Expenditures
Mayo Clinic Rochester	63997854/ 5R01GM103841-03	93			\$ 17,681
Mayo Clinic Rochester	PO #63657442	93			7,500
Mayo Clinic Rochester	PO #63806572/ 5U54CA153605-05	93			4,489
Mayo Clinic Rochester	PO 63070075/PO 63583055	93			117,381
Mayo Clinic Rochester	PO 63523526	93			75,600
Mayo Clinic Rochester	PO#64032571	93			213,831
Mayo Clinic Rochester	PO: 63691533/5DP1DA031340-05	93			226,526
Mayo Clinic Rochester	Subaward 5R01CA163803-02/PO#64073333	93			7,567
Medical College of Wisconsin	2	93			40,257
Medical College of Wisconsin	Subaward No. 2/Purchase Order 1502219	93			1,278
Medical University of South Carolina	MUSC09-144 Amd 5	93			402
Medical University of South Carolina	MUSC09-145 Amd. 4	93			195
Medical University of South Carolina	MUSC14-055	93			7,980
Memorial Sloan-Kettering Cancer Center	BD516125	93			16,195
Memorial Sloan-Kettering Cancer Center	PO# BD517087	93			188,790
Mercer University	720665	93			1,618
Michigan Public Health Institute	K-30209-116-504200	93			148,130
Michigan State University	RC100161 Amd. 6	93			159,263
Michigan State University	Subaward No. RC100246UMN Amd. 3	93			15,501
Minneapolis Heart Institute Foundation	5U01HL087318 Amd. 7	93			39,179
Minneapolis Medical Research Foundation	00042-01/5R01AG037551-05	93			10,882
Minneapolis Medical Research Foundation	07149-4	93			82,120
Minneapolis Medical Research Foundation	07292-1	93			167,791
Minneapolis Medical Research Foundation	07327-1	93			53,718
Minneapolis Medical Research Foundation	5R01AG037551-04	93			15,072
Minneapolis Medical Research Foundation	ACCORDION Mod #10	93			110,738
Minneapolis Medical Research Foundation	ACCORDION-Eye Mod 6	93			3,382
Minneapolis Medical Research Foundation	HHSN268201100027C Mod #11	93			38,972
Minneapolis Medical Research Foundation	MMRF/5R01AG037551-02	93			995
Minneapolis Medical Research Foundation	NIH/NICHDR21HD068203-01A1	93			3,038
Minneapolis Medical Research Foundation	STREAM Study - R01 AR64066	93			315
Minneapolis Medical Research Foundation	U01AG029824, Mod 4	93			(34,247)
Minnesota Coalition for Battered Women	MN Project Connect	93			33,651
MN Chapter, Academy of Pediatrics Fdn	No Award Number	93			21,145
Moai Technologies, LLC	1R43LM012085-01	93			25,322
Moai Technologies, LLC	No Award Number	93			35,530
Mount Sinai School of Medicine	0255-9034-4609 Amend 2	93			41,412
MSP Corporation	Subaward HD072739-Somani	93			29,454
National Jewish Health	20072207/2R01HL089897	93			13,971
National Marrow Donor Program	Protocol Rider #0901	93			40,287
Nationwide Children's Hospital	Subaward No. 952614	93			7,642
Nat'l Development & Research Inst, Inc	PO# 0048046 NDR1 #626D	93			17,886
Nat'l Inst for Pharm Technology & Educ	NIPTE-SAIC-MN-2013-001 Amendment No. 1	93			1,779
NET Esolutions	NETE-Minn-OEP-2015	93			149,956
Neuro Devices, Inc	5R42TR000462-03 Mod 1	93			269,724
Neuro Devices, Inc	NIH Prime Award R41NS071979 Phase II	93			228,510
Neuro Nexus Technologies, Inc	Subaward 5R44NS060269-03	93			13,947
New England Research Institutes	THM Network Protocol Agreement	93			11,728
New England Research Institutes	TMH-MARS	93			21,601
New York University	10-01254; Proj #801860, Amend 4	93			8,707
New York University	F7454-05	93			11,368
New York University	S#10-01073/Site001409	93			15,609
Northeastern University	50016478050 Amd 5	93			45,299
Northwestern Health Sciences University	R25AT003582-07 AMD1	93			9,705
Northwestern University	60032978/HHSN275201200007I/Sp*20624	93			200,871
Northwestern University	60037126 UMN	93			58,004
Northwestern University	SP0019995-PROJ0005454 Am. 3	93			30,427
Northwestern University	Subaward 60036745 UMN	93			1,545
Park Nicollet Institute	1R21CA149934-01A1 AMD2	93			21,585
Park Nicollet Institute	TBS	93			75,280

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Cluster, Agency, Subagency, Pass-through Entity	Pass-Through Award #	CFDA#	ARRA	CFDA Program Title	Federal Expenditures
Penn State Milton S Hershey Medical Ctr	UMNDK082183 Amend 2	93			\$ 122,268
Pennsylvania State University	5126-UM-DHHS-7934	93			44,168
Purdue University	4102-55747	93			40,589
Recombinetics, Inc	1R43GM113525	93			9,361
Regenxbio Inc	1R41DK094538-01	93			47,992
Rehabilitation Institute of Chicago	R01NS053813 Amendment 2	93			11,794
Research Foundation for Mental Hygiene	93885 Amd. 4	93			29,414
Rush University Medical Center	1R21HL121861-01A1	93			32,240
Rush University Medical Center	5R01HL117804-02	93			19,299
Rutgers, The State Univ of New Jersey	Subaward No. 8133/Amendment 1	93			9,037
San Diego State University Foundation	53253L P1660 7810 211	93			30,400
San Diego State University Foundation	53311M P1650 7803 211 Amendment 5	93			130,503
Sanford Health	SR-2012-05 Am 05	93			12,036
Sanford Health	SR-2014-22	93			9,716
Sanford Health	SR-2015-12	93			78,355
Scripps Research Institute	PO 5-20593	93			42,594
Seattle Children's Hospital	Subaward No. 11045SUB Mod #3	93			20,794
St Jude Children's Research Hospital	111725020-7513060 amd # 5	93			20,045
St Jude Children's Research Hospital	111978021-7645838	93			226,848
St Jude Medical, Inc	111287200-7593263	93			6,324
St Luke's-Roosevelt Hospital Center	No Award Number	93			398
Stanford University	60373178-110835-G Am 2	93			15,397
State Univ of New York at Stony Brook	1104160/61730	93			44,916
State Univ of New York at Stony Brook	61730, Amend 3	93			8,506
Stewart Exposure Assessments, LLC	No Award Number	93			13,314
TDA Research, Inc	b 6882.RB.UMN.14.01	93			5,151
Texas A&M University	23-S132328, Amend 2	93			7,514
Texas Tech University	21F076-01	93			31,909
Texas Tech University	5R01AT007395-04	93			59,725
Texas Tech University	No Award Number	93			22,160
The Children's Hospital of Philadelphia	3208860613 Amd 5; PO#961180-RSUB	93			27,562
The Children's Hospital of Philadelphia	CMWA: FP00013744_SUB374_01/CCOP Per Case	93			(1,750)
The Children's Hospital of Philadelphia	FP00013560_SUB04_03 - Amendment 2	93			133,190
The Children's Hospital of Philadelphia	FP00013560_SUB63_01	93			15,023
The Children's Hospital of Philadelphia	FP00013560-SUB17-01	93			25,668
The Children's Hospital of Philadelphia	FP00013864-SUB26_01	93			3,750
The Children's Hospital of Philadelphia	FP00015221_SUB233_01	93			4,583
The Children's Hospital of Philadelphia	FP00015221_SUB51_01	93			9,799
The Children's Hospital of Philadelphia	NCTN SL: FP00015221_SUB350_01	93			14,810
The Children's Hospital of Philadelphia	NCTN SL:FP00015221_SUB333_01	93			14,691
The Children's Hospital of Philadelphia	PCR WO: FP00013013_SUB198_01	93			(18,796)
The Children's Hospital of Philadelphia	Phase 1 PCR WO: FP00013560_SUB27_01	93			4,000
The Children's Hospital of Philadelphia	PO #: 961388-RSUB	93			24,982
The Children's Hospital of Philadelphia	PO #:960780-RSUB.	93			(2,191)
The Children's Hospital of Philadelphia	PO #960760-RSUB/Ref#FP00013013-SUB270_02	93			(687)
The Children's Hospital of Philadelphia	PO#:961210-RSUB Subaward#:9500080215-XX	93			14,691
The Children's Hospital of Philadelphia	PO#:961337-RSUB	93			34,703
The Children's Hospital of Philadelphia	WorkloadIntensity/FP00013012_SUB361_01	93			11,396
The EMMES Corporation	1UC4DK098086-01	93			14,403
The EMMES Corporation	Collaborative Islet Transplant Registry	93			31,271
The George Washington University	14-B03, Amend 1	93			226,148
The George Washington University	S-GRD1415-AC28/PRIME # U01-DK098246-03	93			429,139
The George Washington University	S-GRD1415-AC42	93			884,775
The George Washington University	S-MFM1415-JB01	93			6,796
The Henry M Jackson Foundation	812761/306880-1.00-63426	93			101,169
The Ohio State University	Sub No.: 60037145	93			55,225
The State University of New York Buffalo	R780456 amd 2	93			5,655
The Univ of N Carolina at Chapel Hill	5032634 Amendment 4	93			3,000
The Univ of N Carolina at Chapel Hill	5050125/HD055741	93			9,720
The Univ of N Carolina at Chapel Hill	5055171, Amend 1	93			444,702

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UNIVERSITY OF MINNESOTA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2015

Cluster, Agency, Subagency, Pass-through Entity	Pass-Through Award #	CFDA#	ARRA	CFDA Program Title	Federal Expenditures
The Univ of N Carolina at Chapel Hill	5-30781 amd 6	93			\$ 16,204
The Univ of N Carolina at Chapel Hill	5-30986 Am 4	93			876
The Univ of N Carolina at Chapel Hill	5-31200 amd 6	93			4,203
The Univ of N Carolina at Chapel Hill	5-31275 amd 6	93			49,081
The Univ of N Carolina at Chapel Hill	5-31276 Amd. 9	93			113,108
The Univ of N Carolina at Chapel Hill	5-32772	93			37,738
The Univ of N Carolina at Chapel Hill	5-33532	93			181,112
The Univ of N Carolina at Chapel Hill	5-33724 AMD#1	93			35,691
The Univ of N Carolina at Chapel Hill	534376	93			18,118
The Univ of N Carolina at Chapel Hill	5-34593	93			8,000
The Univ of N Carolina at Chapel Hill	5-42353	93			20,000
The Univ of N Carolina at Chapel Hill	5-50148 amd 1	93			9,708
The Univ of N Carolina at Chapel Hill	5-50152	93			10,565
The Univ of N Carolina at Chapel Hill	5-50191	93			13,757
The Univ of N Carolina at Chapel Hill	5-50213	93			14,436
The Univ of N Carolina at Chapel Hill	5-56030	93			72,640
The Univ of N Carolina at Chapel Hill	Subaward no. 5031529 Amendment 4	93			216,215
The University of Alabama	000412838-015	93			100,949
The University of Alabama	000430850-004	93			284,570
The University of Alabama at Birmingham	000402758-001 Amend No. 8	93			728,205
The University of Alabama at Birmingham	000412838-014	93			141,352
The University of Alabama at Birmingham	000500517-001 Amend 2	93			27,802
The University of Alabama at Birmingham	0005013940-001, Amend 1	93			38,336
The University of Alabama at Birmingham	000504515-SP001-001	93			770,759
The University of Alabama at Birmingham	000505098-002/7U24MD006970-05 Amend 3	93			343,994
The University of Alabama at Birmingham	No Award Number	93			2,708
The University of Alabama at Birmingham	UAB#00508050-010	93			8,728
The University of Arizona	225777/R01AA20270	93			36,326
The University of Arizona	Y600266 Amd #3	93			141,737
The University of Iowa	PO #1000806507 Amd 05	93			64,741
The University of Iowa	PO 1001318669/Req ID No W000605090	93			216,291
The University of Iowa	PO 1001359710	93			95,440
The University of Iowa	Req ID W000605087/PO 1001321595	93			21,258
The University of Iowa	Req ID W000678164/PO 1001422088 Amend 6	93			123,563
The University of Iowa	Subaward PO 100111589 Amendment 03	93			3,023
The University of Iowa	W000524345, PO 1001218148 Amd 9	93			3,655
The University of Oklahoma	C1083502 (RV20130494-21)	93			15,000
The University of Toledo	N-2013-05	93			12,686
The University of Utah	10011075-02/U01TW006671/0000144722 Am 08	93			22,649
The University of Utah	10018282-02 Amd 3	93			150,440
The University of Utah	10022504-11, Amend 3	93			529
The University of Utah	Subaward 10024523-01 Amendment 3	93			31,127
The University of Vermont	22061SUB50475 Amend 18	93			80,275
The University of Vermont	26501SUB1245 AMD#3	93			130,120
The University of Vermont	SUB51767 UMN	93			51,354
Tissue Testing Technologies, LLC	No Award Number	93			3,210
Treatment Research Institute	UM027841.5 Amendment 7	93			198,394
Tufts Medical Center	5007383-SERV, Amend 2	93			31,494
Tufts Medical Center	5007630-SERV, Amend 3	93			4,910
Tufts University	HH4013/R01DK098606	93			25,049
U of TX Health Science Ctr at Houston	Subaward No. 0009443A	93			24,359
Univ of Memphis	5-40118/PO 119119 Amendment 2	93			159,753
Univ of Missouri	C00037413-1 AMD#2	93			225,476
Univ of Texas	00915291 (11111245/98015291)	93			9,123
University of Alaska Fairbanks	UAF 14-0075/PO FP42146 mod 2 & 3	93			69,196
University of California, San Diego	PO: 34179874-003	93			168,178
University of California, San Diego	Subaward No 50394948	93			34,534
University of California, Davis	201122073-01 Amendment 4	93			57,544
University of California, Davis	201224310-02	93			80,277
University of California, Davis	201400041-01 Amend 1	93			211,450

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**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
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Cluster, Agency, Subagency, Pass-through Entity	Pass-Through Award #	CFDA#	ARRA	CFDA Program Title	Federal Expenditures
University of California, Irvine	2011-2707	93			\$ 11,730
University of California, Los Angeles	1350 G RC673	93			70,066
University of California, Los Angeles	1460GPA300/4-441407-RE-29387	93			857
University of California, Los Angeles	1581 G QA047, Amend 3	93			93,775
University of California, San Francisco	6755sc/U19AI096109 Amd. 7	93			397,941
University of California, San Francisco	7433 sc Amendment 3	93			41,679
University of California, San Francisco	7597sc AMD#1	93			114,107
University of California, San Francisco	8561sc	93			5,821
University of California, San Francisco	Agreement No. 107781	93			4,168
University of California, San Francisco	Subaward 6026SC, Amend 6	93			(13,982)
University of California, San Francisco	Subaward 8019sc Amendment 1	93			3,044
University of California, San Francisco	Subaward 8462/2U54AI082973-06	93			3,910
University of California, San Francisco	Subcontract # 6347sc Amend 5	93			4,247
University of California, Santa Barbara	KK1332 amd 2	93			430
University of Chicago	FP000348-8	93			11,434
University of Chicago	FP056317-C	93			12,333
University of Cincinnati	007038 Am 03/PO# L14-4500074630	93			17,141
University of Cincinnati	007038-009/PO#L15-4500082738	93			220,661
University of Colorado	FY13.264.001/Prime 5R01AI096966-03	93			161,229
University of Colorado	Subaward No. FY15.489.001 AMD2	93			199,469
University of Colorado Denver	PRF 790960	93			17,820
University of Colorado Denver	Subcontract No. FY14.592.001	93			48,008
University of Connecticut	UChC6-40916321-A1, Amend 1	93			19,892
University of Connecticut	UChC6-5115513 Amend 1	93			27,528
University of Florida	UFDSP00010267	93			160,745
University of Illinois at Chicago	2010-06621/HHSN-276-2011-00005C prime	93			4,670
University of Kansas Medical Center	QB864381 PO#1000841585	93			80,605
University of Kansas Medical Center	QC858380 PO # RINST-1000149878	93			(235)
University of Kansas Medical Center	QT864910	93			48,679
University of Kentucky	3048108539-12-502	93			13,689
University of Louisville	Sub #131349z01A	93			4,927
University of Maryland	9412-Z0519002	93			4,588
University of Maryland	SR00002587/Subaward No. 101330A	93			19,154
University of Maryland	Z033301 Amd. E	93			172,512
University of Maryland	Z195701 - Mod: H	93			620,904
University of Maryland, Baltimore	PO#SR00003511/ESURF11247	93			7,000
University of Maryland, Baltimore	PO#SR00003512/ESURF11245	93			7,000
University of Massachusetts	14 008049 A01	93			69,754
University of Massachusetts	WA00299827/RFS201515	93			54,050
University of Miami	661252	93			26,251
University of Miami	664439/FAIN P30AI073961	93			17,052
University of Miami	66949L/R01GM104975-03	93			250,409
University of Miami	66971E Amendment 2	93			3,649
University of Miami	AB43024	93			1,752
University of Michigan	3000894033 Amd. 6	93			189,648
University of Michigan	3001109113 AMD No. 8	93			62,881
University of Michigan	3001942715 Amd 6	93			1,044
University of Michigan	3002751553, Amend 2	93			5,038
University of Michigan	3002871551	93			51,758
University of Michigan	3002948034 Amend 1	93			7,489
University of Michigan	3003113674/R01HL094311	93			31,737
University of Michigan	MASTER-5000002947 Amendment 48	93			338,227
University of Mississippi Medical Center	66102700414-04UMN	93			19,161
University of Mississippi Medical Center	66678010913-UM, Amend 3	93			5,670
University of Nebraska-Lincoln	34-5321-2003-906/Prime 2U54HD061939-06	93			5,366
University of Pennsylvania	556054	93			20,198
University of Pennsylvania	557804 amd 4	93			13,591
University of Pennsylvania	563249 Previously 556786/561286	93			111,165
University of Pennsylvania	No. 566147/R01CA189743-01A1	93			11,877
University of Pittsburgh	0022408 (124765-1)/ (125616-1)	93			14,496

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Cluster, Agency, Subagency, Pass-through Entity	Pass-Through Award #	CFDA#	ARRA	CFDA Program Title	Federal Expenditures
University of Pittsburgh	0022408(123274-01)	93			\$ 6,379
University of Pittsburgh	0029252 (121244-1) (Formerly 708046-1)	93			107,379
University of Pittsburgh	0029319 (120132)	93			5,700
University of Pittsburgh	0029319 (120132-2) Am 4	93			203,935
University of Pittsburgh	0030559 (122181-7)	93			26,513
University of Pittsburgh	0041597(125465-5)	93			9,010
University of Pittsburgh	5U54DA031659-04 (Parent)	93			788,177
University of Pittsburgh	5U54DA031659-04 (Supplement)	93			5,066,850
University of Pittsburgh	9007661 (123275-01)	93			6,379
University of Pittsburgh	9007661 (124777-1)	93			41,338
University of Pittsburgh	9007672 (124783-1)	93			14,496
University of Pittsburgh	9009831 (124548-1)	93			27,863
University of Pittsburgh	9010232 (124993-1)	93			64,885
University of Pittsburgh	9010570	93			302,963
University of Pittsburgh	Y2: 0035455(123849-4)/0035455(122748-4)	93			100,107
University of Rochester	416170-G/U01HL096607 Amend 6	93			12,722
University of Rochester	416460-G	93			147,623
University of Rochester	5-28754/415897	93			244,065
University of Rochester	PO: 416130-G UR Account: 5-27534 Yr 2	93			(1,487)
University of Rochester	Subaward No. 415747-G	93			26,016
University of South Florida	6119-1276-00-AI 01	93			12,638
University of Southern California	44888690	93			76,126
University of Southern California	53712500	93			32,111
University of Southern California	54146982	93			25,219
University of Southern California	New: 70003340/Old: 151327	93			277,682
University of Texas at Houston	Subaward #0008802T/2UM1HL087318	93			43,345
University of Toronto	497411	93			37,807
University of Virginia	GB10094-147354	93			39,828
University of Washington	561507, Modification No. 13	93			41,550
University of Washington	730958 amd #3	93			93,896
University of Washington	748756	93			(55)
University of Washington	Subaward No. 751145 Amendment 3	93			210,482
University of Washington	Subaward No. 762304	93			49,207
University of Washington	Subaward# 762724	93			40,398
University of Washington	UWSC7004/PO759206	93			82,169
University of Western States	G R01AT006330-UM	93			76,276
University of Wisconsin-Madison	164K673 Amd. 4	93			21,984
University of Wisconsin-Madison	169K116 Amd 4	93			43,460
University of Wisconsin-Madison	280K921/N01-CN-35153, Amend 3	93			29,705
University of Wisconsin-Madison	396K325 Am 3	93			6,051
University of Wisconsin-Madison	424K023 Amendment 2	93			484
University of Wisconsin-Madison	511K873 Amendment 3	93			262,847
University of Wisconsin-Madison	523K062, Amend 1	93			18,576
University of Wisconsin-Madison	552K952	93			63,641
University of Wisconsin-Madison	568K971, Amend 1	93			163,412
University of Wisconsin-Madison	573K425	93			54,254
University of Wisconsin-Madison	P01AG020166/ 477K201	93			9,072
University of Wisconsin-Madison	Sub #: 116K340 Mod #5	93			20,149
University of Wisconsin-Madison	subaward no. 339K194	93			258,056
University of Wisconsin-Madison	Subaward#580K790	93			16,803
UT Health Science Center San Antonio	Subaward 158000/157998	93			31,993
Vanderbilt University	21822-S1 Amendment 3	93			355,376
Vanderbilt University	2230-015244	93			99,987
Vanderbilt University	VUMC 54904	93			1,785
Vanderbilt University	VUMC43587	93			63,541
Ventria Bioscience	1R43DK094531-01A1	93			7,505
Veterans Medical Research Foundation	08740002-313535	93			205,885
Virginia Commonwealth University	PD303760-SC105738	93			125,387
Virginia Commonwealth University	PD303760-SC105740	93			92,643
Wake Forest University	WFUHS 111188 Admendment 1	93			90,594

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**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
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Cluster, Agency, Subagency, Pass-through Entity	Pass-Through Award #	CFDA#	ARRA	CFDA Program Title	Federal Expenditures
Wake Forest University	WFUHS 114064 Minnesota (Revised)	93			\$ 1,688
Wake Forest University	WFUHS 330181 Amend 9	93			1,020,518
Wake Forest University	WFUHS10802 Amd 3	93			(1,462)
Washington University in St Louis	PO #2923108X (P30DK092950)	93			25,812
Washington University in St Louis	Sub Award No.:WU-15-39 - PO#2922203Y	93			214,736
Washington University in St Louis	Subaward WU-14-104 Mod 1	93			(2,525)
Washington University in St Louis	WU-14-357/PO 2923582X, Amend 2	93			20,763
Washington University in St Louis	WU-15-98	93			1,666,938
Wayne State University	WSU11077 A-6	93			15,518
Wayne State University	WSU13092 amd 1	93			72,738
Wayne State University	WSU14134-A1	93			2,738
Westat, Inc	8906 - S06 Mod. 8	93			53,133
Wichita State University	SUB W2513	93			27,449
Wright State University	P0037258	93			13,077
Wright State University	PSR07213 Amd. 5	93			32,876
Yale University	C13A11573(A09644)	93			60,789
Yale University	Sub No. A09334(M10A10407) Amd. 11	93			39,050
Department of Health and Human Services, Office of Minority Health					
Passthrough:					
Big Brothers Big Sisters-Greater TC	No Award Number	93			2,621
Department of Health and Human Services, Office of the Secretary					
Passthrough:					
Cellerant Therapeutics, Inc	CLT008-02 Amd. 3	93			5,355
Department of Health and Human Services, Substance Abuse and Mental Health Services Administration					
Direct		93			195,954
Department of Homeland Security					
Direct		97			4,120,696
Passthrough:					
Kansas State University	S14169	97			8,172
Purdue University	4112-51774	97			(37,358)
Stanford University	28635340-103440-A	97			42,083
The University of Arizona	Y503224	97			109,153
University of Washington	696098 Mod. 27	97			14,183
Department of Justice					
Direct		16			348,870
Department of Justice, National Institute of Justice					
Direct		16			15,069
Passthrough:					
The University of Iowa	W000590504	16			77,481
Department of Justice, Violence Against Women Office					
Direct		16			117,714
Department of Labor					
Passthrough:					
Summit Consulting, LLC	No Award Number	17			9,422
Department of State					
Passthrough:					
International Joint Commission	1042-100764 Amendment 4 NCE	19			20,098
International Joint Commission	1042-100766 Amend 2	19			19,869
Department of the Interior					
Direct		15			40,190
Passthrough:					
MN Pollution Control Agency	LEAK-17134	15			3,263
Western Assoc of Fish & Wildlife Agencies	SG-C-13-03	15			159,027
Department of the Interior, Fish and Wildlife Service					
Direct		15			255,325
Passthrough:					
Central Michigan University	F14AP00412	15			4,417
MN Department of Natural Resources	3000066617	15			22,120
MN Department of Natural Resources	Contract No. 48239/P.O. #3000020626	15			49,383
University of Michigan	Sub#3003491042/Prime#3003.8	15			1,258

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Cluster, Agency, Subagency, Pass-through Entity	Pass-Through Award #	CFDA#	ARRA	CFDA Program Title	Federal Expenditures
Department of the Interior, National Park Service					
Direct		15			\$ 245,804
Department of the Interior, U.S. Geological Survey					
Direct		15			995,512
Passthrough:					
America View Incorporated	AV13-MN01 Mod 3	15			18,206
University of Massachusetts	12-007036 B 02 Amend 3	15			159,098
University of Massachusetts	14 007887 A 02 Amend 3	15			31,993
Department of Transportation					
Direct		20			140,784
Passthrough:					
American Transportation Research Inst	No Award Number	20			9,495
Battelle	216973	20			4,755
MN Department of Transportation	99008 W.O. 24	20			488,656
MN Department of Transportation	MnDOT Contract No 99008 WO No. 114	20			46,543
MN Metropolitan Council	SG-2013-058	20			5,680
Savari, Inc	SAV-81814	20			23,097
The National Academies	Contract No. HR 24-36/P.O. #SUB0000121	20			73,662
Westat, Inc	8928-S-007 TO 1 mod 2	20			(1,244)
Department of Transportation, Federal Aviation Administration (FAA)					
Direct		20			14,903
Passthrough:					
University of North Texas	GF2671-1/PO NT752-0000149046 am 2	20			53,724
Department of Transportation, Office of the Secretary (OST) Administration Secretariate					
Direct		20			1,468,998
Passthrough:					
Michigan State University	RC103194UMN am 1	20			70,115
South Dakota State University	3TX149	20			51,177
South Dakota State University	3TZ149	20			97,776
Department of Veterans Affairs					
Direct		64			691,436
Environmental Protection Agency, Office of Chemical Safety and Pollution Prevention					
Direct		66			13,316
Passthrough:					
MN Department of Agriculture	84090	66			46,958
Environmental Protection Agency, Office of Research and Development (ORD)					
Direct		66			303,568
Passthrough:					
Univ of Illinois at Urbana-Champaign	2010-00920-01 am 02	66			6,627
University of Washington	120017 Am# 14	66			3,327
Yale University	C14P11826(P00361)am 2	66			17,441
Environmental Protection Agency, Office of the Administrator					
Passthrough:					
MN Pollution Control Agency	Contract # 62890/CR6268	66			12,338
MN Pollution Control Agency	SWIFT 73247; PO 3000009691	66			2,937
MN Pollution Control Agency	SWIFT Contract 73203	66			1,111
MN Pollution Control Agency	SWIFT#: 73715	66			47,839
Environmental Protection Agency, Office of Water					
Direct		66			707,120
Passthrough:					
Central Michigan University	2011-1086	66			411,951
City of Prior Lake	No Award Number	66			39,102
MN Board of Water and Soil Resources	Contract No. B53614	66			48,139
MN Department of Agriculture	B48457	66			5,455
MN Department of Health	Cont. No. 45706/PO#3000006867 Am.1	66			12,671
MN Pollution Control Agency	66692/3000010339 co 1	66			43,265
MN Pollution Control Agency	66695/3000010680	66			74,685
MN Pollution Control Agency	70549	66			195,666
MN Pollution Control Agency	77845	66			33,179
MN Pollution Control Agency	B43113	66			13,337

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Cluster, Agency, Subagency, Pass-through Entity	Pass-Through Award #	CFDA#	ARRA	CFDA Program Title	Federal Expenditures
MN Pollution Control Agency	B43119	66			\$ 4,893
MN Pollution Control Agency	B43845	66			37,118
MN Pollution Control Agency	B44876 Amendment 1	66			96,960
MN Pollution Control Agency	Contract No. 36547 co2&3	66			48,372
MN Pollution Control Agency	SWIFT 74333/PO 3000010174	66			56,123
MN Pollution Control Agency	SWIFT 74335/PO 3000010175	66			49,687
General Services Administration					
Direct		39			84,127
Medicare Payment Advisory Commission					
Direct		06			157,268
National Aeronautics and Space Administration					
Direct		43			4,327,404
Passsthrough:					
Advanced Scientific Concepts, Inc	ASC-STTR-t4.01-9744-CA46P	43			45,311
ERC, Inc	STR100281-1	43			56,800
Jet Propulsion Laboratory	1515198	43			19,983
Johns Hopkins University	119241	43			19,837
Johns Hopkins University	922613 Mod 43	43			1,566,584
Montclair State University	NNX11AM29G-UOM	43			21,683
Rockwell Collins, Inc	PO 4504982612	43			98,413
SETI Institute	SC-3046	43			45,938
South Dakota State University	3TG330	43			24,878
Systems Technology, Inc	No Award Number	43			62,500
Tao of Systems Integration, Inc	NNX12CB02C/DFRC_UMIN3	43			3,983
The Ohio State University	60027268/RF01220512 Mod. 5	43			(6,506)
The Ohio State University	60046380	43			99,028
Universities Space Research Association	SOF 03-0082 Humphreys	43			2,665
Universities Space Research Association	SOF 75-0002 Gerhz-3	43			7,232
Universities Space Research Association	SOF-0015 Gerhz-1	43			5,189
Universities Space Research Association	SOF-0015 Gerhz-1	43			6,165
Universities Space Research Association	SOF-0017	43			4,690
Universities Space Research Association	SOF-0029 - Jones	43			1,373
Universities Space Research Association	SOF-0091	43			9,353
Universities Space Research Association	SOFIA-Woodward	43			15,409
University of California, Berkeley	00007447/975268/BB00071821	43			1,397,305
University of Washington	756245	43			3,576
National Aeronautics and Space Administration, Space Telescope Science Institute					
Direct		43			90,479
National Endowment for the Arts					
Direct		45			2,572
National Endowment for the Humanities					
Direct		45			134,664
National Science Foundation					
Direct		47			84,852,159
Direct		47	ARRA		1,560,798
Passsthrough:					
Arizona State University	15-559	47			17,121
California Institute of Technology	65R-1094903	47			24,858
California Institute of Technology	7E-1089377 Mod 6	47			106,466
California Institute of Technology	7E-1094407 am 1	47			44,100
Carnegie Institution of Washington	6-10392-01	47			239,540
Carnegie Mellon University	1121550-259747	47			135,714
Colorado State University	G-35866-1/DEB-1413925	47			18,086
Columbia University	2 (GG002760) Am 4	47			191,899
Columbia University	2(GG008898)/PO G04491	47			81,591
Consort of Univ for the Adv of Hydrolog	No Award Number	47			28,326
Cornell University	44771-7477	47			533,350
Cornell University	61416-10115 Amd. 2	47			149,928
Cornell University	61416-9595 Amend 5	47			159,964
Cornell University	67364-10063	47			82,247

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FOR THE YEAR ENDED JUNE 30, 2015**

Cluster, Agency, Subagency, Pass-through Entity	Pass-Through Award #	CFDA#	ARRA	CFDA Program Title	Federal Expenditures
Dakota County Technical College	UM_DCTC	47			\$ 113,095
Donald Danforth Plant Science Center	23202-MN	47			131,112
Georgia Institute of Technology	RC850-G3	47			26,381
Georgia State University	SP0010602-11 Amend. No. 3	47			25,106
Iowa State University	420-20-968 am02	47			85,986
Itasca Community College	DUE-1043821/ Subaward 1 UofM	47			2,468
Koronis Biomedical Technologies Corp	KBT15-NSFCOGLEARNING-03	47			3,848
Maryland Science Center	Amend 3	47			34,760
Moai Technologies, LLC	MOAI-IIP-1346380	47			66,199
NVE Corporation	NVE/Prime IIP-1321460	47			799
NVE Corporation	PO-25018	47			2,378
Purdue University	NEES-4101-31877 Am 30	47			574,757
Raytheon Company	9500012169	47			126,231
Rehabilitation Institute of Chicago	IIS-1010336	47			10,000
Rutgers, The State Univ of New Jersey	5099 Modificaiton 1	47			142,691
Salish Kootenai College	24-170-UMTC	47			19,895
Samuel Roberts Noble Fdn	2011-921-003 Amend 2	47			32,537
Soc for Industrial & Applied Mathematics	SIAM MOU-2015	47			19,728
The Concord Consortium Incorporated	259-01.01 Amd 1	47			86,007
The New York Botanical Garden	NYBG-1206197-12-MIN/EF-1206197	47			43,896
The University of Arizona	125164, Amendment 1	47			34,843
The University of Georgia	RC371-229-4941826	47			331,479
The University of Georgia	RR272-210/4689648 Amend 8	47			22,535
The University of Texas - Pan American	41EMEC022-01	47			74,875
The University of Texas at Austin	UTA11-001083 am 1	47			205,738
The University of Texas at Austin	UTA13-000850	47			9,024
Univ of Illinois at Urbana-Champaign	2013-04254-02 am 1	47			2,601
Univ of Illinois at Urbana-Champaign	2013-05283-01	47			7,243
Univ of Texas	26-1003-8262 am 3	47			30,768
University of California, San Diego	29890093 poS9000016 am 4	47			116,113
University of California, Berkeley	8796	47			89,426
University of Delaware	35455 Amd. 1	47			60,489
University of Florida	UF11235	47			10,629
University of Florida	UFDSP00010481	47			39,231
University of Massachusetts Boston	S 2013 20541	47			26,817
University of Michigan	3002203945/EF-1115081	47			2,459
University of Michigan	3002828346	47			69,055
University of Notre Dame	PHY-1219444	47			3,283
University of Pennsylvania	555729	47			357,301
University of Pennsylvania	CBET-1449337	47			25,224
University of Wisconsin-Madison	194K902	47			27,285
University of Wisconsin-Madison	416K220/ CHE-1240151 Mod. 4	47			161,426
University of Wisconsin-Madison	501K373/CBET-0844537	47	ARRA		20,278
University of Wisconsin-Madison	593K191	47			20,646
University of Wisconsin-Madison	600K110	47			5,338
University of Wisconsin-River Falls	2014-200	47			13,659
Washington State University	118359 G003146	47			97,974
Whitehead Inst For Biomedical Research	14-1699-9902 Amendment 3	47			47,372
Woods Hole Oceanographic Institution	A101120	47			29,848
Yale University	C15D12047(D02016)	47			21,609
National Transportation Safety Board					
Direct		07			52,784
Total Research and Development Cluster					504,003,382
STUDENT FINANCIAL ASSISTANCE CLUSTER					
Department of Education, Office of Federal Student Aid					
Direct		84.007		Federal Supplemental Educational Opportunity Grants	4,207,172
Direct		84.033		Federal Work-Study Program	2,643,830

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Cluster, Agency, Subagency, Pass-through Entity	Pass-Through Award #	CFDA#	ARRA	CFDA Program Title	Federal Expenditures
Direct		84.063		Federal Pell Grant Program	\$ 44,065,220
Direct		84.268		Federal Direct Student Loans	392,760,512
Direct		84.379		Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	175,559
Department of Health and Human Services, Health Resources and Services Administration					
Direct		93.342		Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students	<u>3,843,086</u>
Total Student Financial Assistance Cluster					<u>447,695,379</u>
CCDF CLUSTER					
Department of Health and Human Services, Administration for Children and Families					
Passthrough:					
MN Department of Human Services	65075	93.575		Child Care and Development Block Grant	288,678
MN Department of Human Services	69316	93.575		Child Care and Development Block Grant	120,212
MN Department of Human Services	Contract No. PTK%43868 Am 3	93.575		Child Care and Development Block Grant	<u>78,380</u>
Total CCDF Cluster					<u>487,270</u>
ECONOMIC DEVELOPMENT CLUSTER					
Department of Commerce, Economic Development Administration					
Direct		11.307		Economic Adjustment Assistance	105,377
Passthrough:					
Arrowhead Regional Dev Commission	sub under 06-69-05895	11.307		Economic Adjustment Assistance	<u>3,587</u>
Total Economic Development Cluster					<u>108,964</u>
FEDERAL TRANSIT CLUSTER					
Department of Transportation, Federal Transit Administration (FTA)					
Passthrough:					
MN Metropolitan Council	SG-2014-077/MPO 8592 RPO 199018	20.507		Federal Transit_Formula Grants	<u>90,290</u>
Total Federal Transit Cluster					<u>90,290</u>
HEALTH CENTERS CLUSTER					
Department of Health and Human Services, Health Resources and Services Administration					
Direct		93.224		Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)	<u>1,407,203</u>
Total Health Centers Cluster					<u>1,407,203</u>
HIGHWAY PLANNING AND CONSTRUCTION CLUSTER					
Department of Transportation, Federal Highway Administration (FHWA)					
Direct		20.205		Highway Planning and Construction	139,465
Passthrough:					
Mid-Ohio Regional Planning Commission	66501-01	20.205		Highway Planning and Construction	<u>82,693</u>
Total Highway Planning and Construction Cluster					<u>222,158</u>
HIGHWAY SAFETY CLUSTER					
Department of Transportation, National Highway Traffic Safety Administration (NHTSA)					
Passthrough:					
Duluth Police Dept	1st amendment to 21780	20.600		State and Community Highway Safety	4,947
Duluth Police Dept	22331	20.600		State and Community Highway Safety	5,582
MN Department of Public Safety	A-ADMIN14-2014-UMREGENTS-00001	20.600		State and Community Highway Safety	24,705
MN Department of Public Safety	A-ADMIN15-2015-UMREGENTS-0001	20.600		State and Community Highway Safety	<u>59,836</u>
Total Highway Safety Cluster					<u>95,070</u>

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**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
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Cluster, Agency, Subagency, Pass-through Entity	Pass-Through Award #	CFDA#	ARRA	CFDA Program Title	Federal Expenditures
MEDICAID CLUSTER					
Department of Health and Human Services, Centers for Medicare and Medicaid Services					
Passthrough: MN Department of Human Services	PTK%79437	93.778		Medical Assistance Program	\$ 498,831
Total Medicaid Cluster					<u>498,831</u>
SNAP CLUSTER					
Department of Agriculture, Food and Nutrition Service					
Passthrough: MN Department of Human Services	Contract No. 52735/P.O. #3000013603	10.561		State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	3,934,959
MN Department of Human Services	SWIFT GRK%84310/3000032601	10.561		State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	<u>1,308,165</u>
Total SNAP Cluster					<u>5,243,124</u>
SPECIAL EDUCATION CLUSTER (IDEA)					
Department of Education, Office of Special Education and Rehabilitative Services					
Passthrough: MN Department of Education	B48237/UFARS 824/Am. 3/2014-00263	84.173		Special Education_Preschool Grants	16,881
MN Department of Education	B48238/UFARS 824/Grant 2010-00197	84.173		Special Education_Preschool Grants	16,253
MN Department of Education	Grant No. B43118/14480	84.173		Special Education_Preschool Grants	<u>140,984</u>
Total Special Education Cluster (IDEA)					<u>174,118</u>
TANF CLUSTER					
Department of Health and Human Services, Administration for Children and Families					
Passthrough: MN Department of Health	65766	93.558		Temporary Assistance for Needy Families	129,918
MN Department of Human Services	GRK%79637	93.558		Temporary Assistance for Needy Families	<u>150,077</u>
Total TANF Cluster					<u>279,995</u>
TRIO CLUSTER					
Department of Education, Office of Postsecondary Education					
Direct		84.042		TRIO_Student Support Services	327,311
Direct		84.047		TRIO_Upward Bound	1,048,338
Direct		84.217		TRIO_McNair Post-Baccalaureate Achievement	<u>298,776</u>
Total TRIO Cluster					<u>1,674,425</u>
Total Clustered Programs					<u>961,980,209</u>
NON CLUSTERED PROGRAMS					
OPERATIONS & MAINTENANCE					
Department of Homeland Security					
Direct		97.CXX		Contract-Department of Homeland Security	<u>151,655</u>
Total Operations & Maintenance					<u>151,655</u>
PUBLIC SERVICE					
Agency for International Development					
Direct		98.001		USAID Foreign Assistance for Programs Overseas	2,161,143
Passthrough: American Council on Education	HED076-9751-LAC-12-07 AMD#7 & 8	98.012		USAID Development Partnerships for University Cooperation and Development	544,879
American Refugee Committee International	No Award Number	98.001		USAID Foreign Assistance for Programs Overseas	31,367
American Refugee Committee International	No Award Number	98.UXX		Unid CFDA-United States Agency for International Development	<u>25,739</u>

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2015

Cluster, Agency, Subagency, Pass-through Entity	Pass-Through Award #	CFDA#	ARRA	CFDA Program Title	Federal Expenditures
Chemonics International, Inc	AID-611-C-12-00001-UMN	98.CXX		Contract-United States Agency for International Development	\$ 145,046
Development Alternatives, Inc	GHN-A-00-09-00015-00 AMD 6	98.CXX		Contract-United States Agency for International Development	118,448
Virginia Tech	451198-19114	98.001		USAID Foreign Assistance for Programs Overseas	1,149
Volunteers for Economic Growth Alliance	SG-2014-4	98.CXX		Contract-United States Agency for International Development	64,161
World Learning	S03-AID-167-A-14-00002	98.001		USAID Foreign Assistance for Programs Overseas	26,224
Corporation for National and Community Service					
Direct		94.002		Retired and Senior Volunteer Program	56,978
Department of Agriculture					
Direct		10.CXX		Contract-Department of Agriculture	870,540
Direct		10.UXX		Unid CFDA-Department of Agriculture	479,522
Passthrough:					
MN Department of Agriculture	86711/14125	10.UXX		Unid CFDA-Department of Agriculture	8,422
Department of Agriculture, Agricultural Marketing Service					
Passthrough:					
MN Department of Agriculture	71784 3(4)10420	10.170		Specialty Crop Block Grant Program - Farm Bill	41,583
MN Department of Agriculture	71849	10.170		Specialty Crop Block Grant Program - Farm Bill	38,938
MN Department of Agriculture	Grant # 86195/PO # 13974	10.170		Specialty Crop Block Grant Program - Farm Bill	11,366
Department of Agriculture, Agricultural Research Service					
Passthrough:					
CIMMYT Int'l Maize & Wheat Improvement	No Award Number	10.001		Agricultural Research_Basic and Applied Research	14,905
Department of Agriculture, Animal and Plant Health Inspection Service					
Direct		10.025		Plant and Animal Disease, Pest Control, and Animal Care	562,787
Passthrough:					
MN Department of Agriculture	69646/3(5)9908	10.025		Plant and Animal Disease, Pest Control, and Animal Care	322
Department of Agriculture, Economic Research Service					
Direct		10.250		Agricultural and Rural Economic Research, Cooperative Agreements and Collaborations	51,373
Passthrough:					
Minnesota Board of Animal Health	63954	10.250		Agricultural and Rural Economic Research, Cooperative Agreements and Collaborations	601,452
Department of Agriculture, Farm Service Agency					
Direct		10.435		State Mediation Grants	238,028
Department of Agriculture, Food and Nutrition Service					
Direct		10.578		WIC Grants To States (WGS)	34,705
Passthrough:					
MN Department of Education	89907/PO 10484	10.574		Team Nutrition Grants	4,301
Department of Agriculture, Food Safety and Inspection Service					
Direct		10.479		Food Safety Cooperative Agreements	363,269
Department of Agriculture, Foreign Agricultural Service					
Direct		10.614		Scientific Cooperation Exchange Program with China	13,566
Direct		10.777		Norman E. Borlaug International Agricultural Science and Technology Fellowship	17,918
Direct		10.960		Technical Agricultural Assistance	204,680
Direct		10.962		Cochran Fellowship Program-International Training-Foreign Participant	51,714
Department of Agriculture, Forest Service					
Passthrough:					
MN Department of Natural Resources	72897	10.664		Cooperative Forestry Assistance	108,173
MN Department of Natural Resources	Contract #86881	10.675		Urban and Community Forestry Program	50,703
Department of Agriculture, National Institute of Food and Agriculture					
Direct		10.210		Higher Education Graduate Fellowships Grant Program	31,116
Direct		10.215		Sustainable Agriculture Research and Education	110,580
Direct		10.220		Higher Education - Multicultural Scholars Grant Program	31,562
Direct		10.303		Integrated Programs	90,341
Direct		10.304		Homeland Security_Agricultural	55,000
Direct		10.310		Agriculture and Food Research Initiative (AFRI)	460
Direct		10.311		Beginning Farmer and Rancher Development Program	91,038
Direct		10.315	ARRA	Trade Adjustment Assistance for Farmers Training Coordination Program (TAAF)	445,763
Direct		10.319		Farm Business Management and Benchmarking Competitive Grants Program	307,496
Direct		10.329		Crop Protection and Pest Management Competitive Grants Program	147,732
Direct		10.500		Cooperative Extension Service	11,675,620
Passthrough:					
Cornell University	61384-9313	10.303		Integrated Programs	8,672
Kansas State University	S11189	10.500		Cooperative Extension Service	109,984

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Cluster, Agency, Subagency, Pass-through Entity	Pass-Through Award #	CFDA#	ARRA	CFDA Program Title	Federal Expenditures
Kansas State University	S14202/2014-68006-21850 prime	10.310		Agriculture and Food Research Initiative (AFRI)	\$ 43,364
Kansas State University	S15002	10.500		Cooperative Extension Service	56,647
Michigan State University	RC064356N & Amend. 1	10.200		Grants for Agricultural Research, Special Research Grants	1,430
Pennsylvania State University	5142-UM-USDA-2628/USDA 2014-48775-2262	10.500		Cooperative Extension Service	4,915
The University of Arizona	166793/2011-48745-31186	10.500		Cooperative Extension Service	504,332
The University of Arizona	171467/2012-48710-20035	10.500		Cooperative Extension Service	48,107
Univ of Illinois at Urbana-Champaign	2012-00748-02 Amend 2	10.303		Integrated Programs	3,717
Univ of Illinois at Urbana-Champaign	2012-00748-11	10.303		Integrated Programs	(15)
Univ of Illinois at Urbana-Champaign	2014-70006-22486	10.329		Crop Protection and Pest Management Competitive Grants Program	980
Univ of Illinois at Urbana-Champaign	2015-00768-07/FAIN 20144877022587	10.500		Cooperative Extension Service	31,769
University of Nebraska-Lincoln	25-6321-0212-006	10.310		Agriculture and Food Research Initiative (AFRI)	109,908
University of Nebraska-Lincoln	25-6324-0119-016	10.500		Cooperative Extension Service	6,378
University of Nebraska-Lincoln	25-6324-0119-020	10.500		Cooperative Extension Service	4,350
University of Nebraska-Lincoln	25-6324-0119-303	10.500		Cooperative Extension Service	56
University of Nebraska-Lincoln	25-6329-0059-006	10.500		Cooperative Extension Service	23,386
Department of Agriculture, Natural Resources Conservation Service					
Passthrough:					
South Dakota State University	3TJ491	10.902		Soil and Water Conservation	8,500
University of Wisconsin Extension	363K893/68-3A75-11-268 prime AM5	10.902		Soil and Water Conservation	25,152
Department of Agriculture, Rural Business-Cooperative Service					
Direct		10.868		Rural Energy for America Program	5,265
Department of Agriculture, The Office of the Chief Economist					
Direct		10.290		Agricultural Market and Economic Research	21,740
Department of Commerce					
Direct		11.CXX		Contract-Department of Commerce	89,350
Department of Commerce, Economic Development Administration					
Direct		11.303		Economic Development_Technical Assistance	106,906
Passthrough:					
Harvard University	Contract 05-137270	11.303		Economic Development_Technical Assistance	24,794
Purdue University	4112-58826	11.303		Economic Development_Technical Assistance	5,565
Department of Commerce, National Oceanic and Atmospheric Administration (NOAA)					
Direct		11.417		Sea Grant Support	1,113,895
Direct		11.427		Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program	214,177
Passthrough:					
Minnesota's Lake Superior Coastal Prog	CoastalAgrm#13-306-18/3000046334, Mod 1	11.419		Coastal Zone Management Administration Awards	16,368
MN Department of Natural Resources	CoastalAgr#13-306-16/3000046322 Mod 1	11.419		Coastal Zone Management Administration Awards	13,714
MN Department of Natural Resources	CoastalAgr. 13-306-14/3000046312 Mod 2	11.419		Coastal Zone Management Administration Awards	18,426
The Ohio State University	Sub 6003744, PO# RF01307854, Amend. 1	11.417		Sea Grant Support	2,963
Univ of Illinois at Urbana-Champaign	2010-03074-03 Amend. 2	11.417		Sea Grant Support	11,490
Univ of Illinois at Urbana-Champaign	2010-03074-08	11.417		Sea Grant Support	33,695
Univ of Illinois at Urbana-Champaign	2013-03729-01	11.432		National Oceanic and Atmospheric Administration (NOAA) Cooperative Institutes	1,191
University of Wisconsin-Madison	prime 60045153; 550K421 amend 1	11.417		Sea Grant Support	5,830
Department of Defense					
Direct		12.CXX		Contract-Department of Defense	141,161
Passthrough:					
General Dynamics	PO #07ESM758877/Contract W91Y7Z-13-C-001	12.CXX		Contract-Department of Defense	175,453
Department of Defense, Department of the Navy, Office of the Chief of Naval Research					
Direct		12.300		Basic and Applied Scientific Research	328,671
Department of Defense, National Security Agency					
Direct		12.900		Language Grant Program	62,920
Department of Defense, Office of the Secretary of Defense					
Passthrough:					
Institute of International Education	2340-UMN-4-PI-093-P02	12.550		The Language Flagship Grants to Institutions of Higher Education	205,534
Institute of International Education	NSEP-U631083-UMN-CARLA	12.550		The Language Flagship Grants to Institutions of Higher Education	3,824
Department of Education					
Passthrough:					
American Institutes for Research	00651-03014.001/PO12SRT10024 Mod 5	84.UXX		Unid CFDA-Department of Education	43,123
Assoc of Univ Centers on Disabilities	H418T140002	84.418		Promoting Readiness of Minors in Supplemental Security Income	37,588
Council of Chief State School Officers	No Award Number	84.UXX		Unid CFDA-Department of Education	526
MN Department of Education	58144	84.412		Race to the Top Early Learning Challenge	287,026

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Cluster, Agency, Subagency, Pass-through Entity	Pass-Through Award #	CFDA#	ARRA	CFDA Program Title	Federal Expenditures
Washington Dept of Public Instruction	20150246	84.UXX		Unid CFDA-Department of Education	\$ 49,996
Department of Education, Institute of Education Sciences					
Passthrough:					
Northwestern University	SP00020027-PROJ0005355	84.305		Education Research, Development and Dissemination	1,003
SRI International	51-001253	84.324		Research in Special Education	75,122
Univ of Illinois at Urbana-Champaign	2011-06649-01-00	84.324		Research in Special Education	55,387
Department of Education, Office of Elementary and Secondary Education					
Passthrough:					
Council of Chief State School Officers	S368A120002/ #7622	84.368		Grants for Enhanced Assessment Instruments	78,493
Council of Chief State School Officers	S368A120002/ #9488	84.368		Grants for Enhanced Assessment Instruments	(12,448)
MN Department of Education	81799/8911	84.287		Twenty-First Century Community Learning Centers	4,428
MN Department of Education	82983/PO9112	84.287		Twenty-First Century Community Learning Centers	4,773
MN Office of Higher Education	57389/1720	84.367		Improving Teacher Quality State Grants	425
MN Office of Higher Education	58012	84.367		Improving Teacher Quality State Grants	3,590
MN Office of Higher Education	58035	84.367		Improving Teacher Quality State Grants	6,026
MN Office of Higher Education	74084	84.367		Improving Teacher Quality State Grants	106,775
MN Office of Higher Education	74087	84.367		Improving Teacher Quality State Grants	27,864
MN Office of Higher Education	88639/PO 3367	84.367		Improving Teacher Quality State Grants	28,800
MN Office of Higher Education	88794	84.367		Improving Teacher Quality State Grants	27,472
MN Office of Higher Education	SWIFT No. 58034	84.367		Improving Teacher Quality State Grants	2,702
MN Office of Higher Education	Swift No. 74091 Amend. #1	84.367		Improving Teacher Quality State Grants	46,393
MN Office of Higher Education	Swift No. 74093	84.367		Improving Teacher Quality State Grants	47,792
National Writing Project	92-MN01-SEED2012 2A	84.367		Improving Teacher Quality State Grants	10,000
Department of Education, Office of Innovation and Improvement					
Passthrough:					
Cloquet Public Schools ISD 94	No Award Number	84.351		Arts in Education	29,565
Saint Paul Public Schools ISD 625	PO No. 0000302733	84.363		School Leadership	63,291
Department of Education, Office of Postsecondary Education					
Direct		84.015		National Resource Centers Program for Foreign Language and Area Studies or Foreign Language and International Studies Program and Foreign Language and Area Studies Fellowship Program	843,985
Direct		84.200		Graduate Assistance in Areas of National Need	28,397
Direct		84.220		Centers for International Business Education	44,257
Direct		84.229		Language Resource Centers	117,020
Passthrough:					
Fond du Lac Tribal & Community College	PO No. 15948, 16572, 18295, 20853, 24187	84.031		Higher Education_Institutional Aid	9,890
Minnesota State Colleges & Universities	P.O: 34309, 38450, 38449, 40102, 41796	84.031		Higher Education_Institutional Aid	21,475
Department of Education, Office of Special Education and Rehabilitative Services					
Direct		84.133		National Institute on Disability and Rehabilitation Research	43,196
Direct		84.235		Rehabilitation Services Demonstration and Training Programs	256,825
Direct		84.325		Special Education—Personnel Development to Improve Services and Results for Children with Disabilities	1,644
Direct		84.326		Special Education—Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	2,108,189
Direct		84.327		Special Education—Educational Technology Media, and Materials for Individuals with Disabilities	63,781
Direct		84.373		Special Education—Technical Assistance on State Data Collection	11,710,011
Passthrough:					
Florida Gulf Coast University	12041-15-UMN	84.323		Special Education—State Personnel Development	87,630
Florida Gulf Coast University	ORSP-12041-26576-1	84.323		Special Education—State Personnel Development	77,130
MN Department of Education	B52449 (2014-00212) Amd. 6	84.323		Special Education—State Personnel Development	18,780
MN Department of Education	Contract No. B52286/13185/2697	84.181		Special Education—Grants for Infants and Families	59,430
Salus University	83401	84.325		Special Education—Personnel Development to Improve Services and Results for Children with Disabilities	80,406
Department of Energy					
Direct		81.122	ARRA	Electricity Delivery and Energy Reliability, Research, Development and Analysis	157,124
Passthrough:					
Midwest Renewable Energy Association	Subaward under DE-EE0006544	81.117		Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	49,998
MN Department of Commerce	57842/PO 2791	81.119		State Energy Program Special Projects	143,523
MN Department of Commerce	77959	81.041		State Energy Program	130,051
Department of Health and Human Services					
Direct		93.CXX		Contract-Department of Health and Human Services	185,280
Direct		93.U02		Unid CFDA-Department of Health and Human Services-Other PHS	144,311

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Cluster, Agency, Subagency, Pass-through Entity	Pass-Through Award #	CFDA#	ARRA	CFDA Program Title	Federal Expenditures
Passthrough:					
Assoc of Maternal & Child Health Prog	No Award Number	93.U02		Unid CFDA-Department of Health and Human Services-Other PHS	\$ 9,328
Cellerant Therapeutics, Inc	Protocol No. MT 2008-38	93.CXX		Contract-Department of Health and Human Services	30,196
Fairview Health Services	H30MC00032/H30MC24052/FV2009-201	93.U02		Unid CFDA-Department of Health and Human Services-Other PHS	9,955
Fond du Lac Band of Lk Superior Chippewa	No Award Number	93.UXX		Unid CFDA-Department of Health and Human Services	12,696
Hasset Willis & Company	HSHQDC-13-C-00016-SUB 004 MOD#2	93.CXX		Contract-Department of Health and Human Services	1,048,431
RAND Corporation	9920120003	93.CXX		Contract-Department of Health and Human Services	10,448
The Lewin Group	TLG-11-073-5381.02 Mod. No. 3	93.CXX		Contract-Department of Health and Human Services	91,155
The Lewin Group	TLG14003-5176.20 Mod. No. 1	93.CXX		Contract-Department of Health and Human Services	783,723
Department of Health and Human Services, Administration for Children and Families					
Direct		93.592		Family Violence Prevention and Services/Discretionary	443,729
Passthrough:					
MN Department of Human Services	GRK% 30794 Am 3	93.603		Adoption Incentive Payments	60,376
The Research Foundation of SUNY	Sub No. 14-30; RF File#113708-18-66158	93.648		Child Welfare Research Training or Demonstration	105,382
Department of Health and Human Services, Administration for Community Living					
Direct		93.631		Developmental Disabilities Projects of National Significance	570,338
Direct		93.632		University Centers for Excellence in Developmental Disabilities Education, Research, and Service	485,850
Department of Health and Human Services, Agency for Healthcare Research and Quality					
Passthrough:					
Health Research & Educational Trust	HHSA2902010000251/80784	93.C03		Contract-Department of Health and Human Services-Agency for Health Care Policy and Research	31,520
Health Research & Educational Trust	HHSA2902010000251/80797	93.C03		Contract-Department of Health and Human Services-Agency for Health Care Policy and Research	74,783
Department of Health and Human Services, Centers for Disease Control and Prevention					
Direct		93.067		Global AIDS	62,800
Direct		93.069		Public Health Emergency Preparedness	272,307
Direct		93.073		Birth Defects and Developmental Disabilities - Prevention and Surveillance	91,539
Direct		93.135		Centers for Research and Demonstration for Health Promotion and Disease Prevention	540,088
Direct		93.C05		Contract-Department of Health and Human Services-Centers for Disease Control	896,316
Passthrough:					
Assoc of Univ Centers on Disabilities	No Award Number	93.073		Birth Defects and Developmental Disabilities - Prevention and Surveillance	4,000
Assoc of Univ Centers on Disabilities	No Award Number	93.292		National Public Health Improvement Initiative	11,551
Fairview Health Services	5U27DD000862-04	93.184		Disabilities Prevention	13,559
MN Department of Health	#70626/PO#3000018499/3000025522	93.283		Centers for Disease Control and Prevention_ Investigations and Technical Assistance	6,028
MN Department of Health	Community Pharmacy	93.945		Assistance Programs for Chronic Disease Prevention and Control	27,389
MN Department of Health	Contract # 56464/P.O.# 3000011678	93.283		Centers for Disease Control and Prevention_ Investigations and Technical Assistance	57,489
MN Department of Health	Contract 46758/PO #3-7296/3-17592 MDH	93.531		PPHF—Community Transformation Grants and National Dissemination and Support for Community Transformation Grants—financed solely by Prevention and Public Health Funds	106,891
St of MN	89502	93.757		State Public Health Actions to Prevent and Control Diabetes, Heart Disease, Obesity and Associated Risk Factors and Promote School Health financed in part by Prevention and Public Health Funding (PPHF)	14,120
State of Oregon	Grant #145649	93.283		Centers for Disease Control and Prevention_ Investigations and Technical Assistance	23,683
Department of Health and Human Services, Centers for Medicare and Medicaid Services					
Direct		93.C07		Contract-Department of Health and Human Services-Centers for Medicare and Medicaid Services	1,952,706
Passthrough:					
Allina Health System	No Award Number	93.610		Health Care Innovation Awards (HCIA)	21,782
MN Department of Health	88433	93.624		ACA - State Innovation Models: Funding for Model Design and Model Testing Assistance	12,297
MN Department of Human Services	55729	93.536		The Affordable Care Act Medicaid Incentives for Prevention of Chronic Disease Demonstration Project	43,078
MN Department of Human Services	Contract No. 50470/P.O. #3000012297	93.791		Money Follows the Person Rebalancing Demonstration	938,454
National Opinion Research Center	7672.SHADAC.01	93.C07		Contract-Department of Health and Human Services-Centers for Medicare and Medicaid Services	14,396
National Opinion Research Center	Subcontract No. 7409.SHA.01	93.C07		Contract-Department of Health and Human Services-Centers for Medicare and Medicaid Services	418,788
The Feinstein Inst for Medical Research	500559-UOM-02	93.610		Health Care Innovation Awards (HCIA)	12,446
The Lewin Group	TLG14062-5587	93.779		Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	8,388
Department of Health and Human Services, Food and Drug Administration					
Direct		93.103		Food and Drug Administration_ Research	534,592
Department of Health and Human Services, Health Resources and Services Administration					
Direct		93.110		Maternal and Child Health Federal Consolidated Programs	27,629
Direct		93.155		Rural Health Research Centers	730,210
Direct		93.211		Telehealth Programs	281,163
Direct		93.241		State Rural Hospital Flexibility Program	869,431
Direct		93.516		Affordable Care Act (ACA) Public Health Training Centers Program	72,363
Direct		93.622		Affordable Care Act: Coordinating Center for Interprofessional Education and Collaborative Practice	1,064,755
Direct		93.969		PPHF Geriatric Education Centers	491,172

(Continued)

UNIVERSITY OF MINNESOTA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015**

Cluster, Agency, Subagency, Pass-through Entity	Pass-Through Award #	CFDA#	ARRA	CFDA Program Title	Federal Expenditures
Passthrough:					
Minneapolis Medical Research Foundation	HSH250201000018C	93.C09		Contract-Department of Health and Human Services-Health Resources and Services Administration	\$ 91,371
MN Department of Health	87640	93.110		Maternal and Child Health Federal Consolidated Programs	24,564
MN Department of Health	PO 3000013795 Early Decision Rural Dent	93.236		Grants to States to Support Oral Health Workforce Activities	29,886
MN Department of Human Services	Contract No. 47964/P.O. 3000010630	93.917		HIV Care Formula Grants	171,660
National Opinion Research Center	7696.UNIV_MN.01	93.C09		Contract-Department of Health and Human Services-Health Resources and Services Administration	79,498
Northeast MN Area Health Education Ctr	UMN006/G98RH19709-01-01	93.912		Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement Program	7,770
University of California, San Francisco	Agreement #8305sc	93.110		Maternal and Child Health Federal Consolidated Programs	191,510
University of Illinois at Chicago	1UB6HP27881-01-00	93.516		Affordable Care Act (ACA) Public Health Training Centers Program	61,771
Department of Health and Human Services, National Institutes of Health					
Direct		93.C11		Contract-Department of Health and Human Services-National Institutes of Health	127,961
Passthrough:					
Leidos Biomedical Research, Inc	29X128TO2, AMD No. 2	93.C11		Contract-Department of Health and Human Services-National Institutes of Health	1,000
Department of Health and Human Services, Office of the Secretary					
Passthrough:					
Nat'l Assoc of Cty & City Health Off	MRC 15-0004	93.008		Medical Reserve Corps Small Grant Program	3,499
Nat'l Assoc of Cty & City Health Off	MRC 15-004C	93.008		Medical Reserve Corps Small Grant Program	9,968
Nat'l Assoc of Cty & City Health Off	MRC-14-0004	93.008		Medical Reserve Corps Small Grant Program	61
Department of Health and Human Services, Substance Abuse and Mental Health Services Administration					
Direct		93.243		Substance Abuse and Mental Health Services_Projects of Regional and National Significance	364,856
Department of Homeland Security					
Direct		97.CXX		Contract-Department of Homeland Security	283,201
Passthrough:					
Kansas State University	s15081	97.061		Centers for Homeland Security	14,036
MN Dept of Homeland Sec & Emer Mgmt	A-HM-2014-UNIVMN-0002	97.047		Pre-Disaster Mitigation	26,250
MN Dept of Homeland Sec & Emer Mgmt	A-UASI-2011-UNIVMN-00041	97.067		Homeland Security Grant Program	38,649
Department of Justice					
Direct		16.CXX		Contract-Department of Justice	3,700
Passthrough:					
American Probation & Parole Association	13-LA-085-1974/15-A1-085-1974	16.CXX		Contract-Department of Justice	4,606
Department of Justice, Office of Juvenile Justice and Delinquency Prevention					
Passthrough:					
National 4-H Council	2014-JU-FX-0025	16.726		Juvenile Mentoring Program	51,303
National 4-H Council	Sub under 2013-JU-FX-0022	16.726		Juvenile Mentoring Program	63,821
Department of Justice, Violence Against Women Office					
Direct		16.526		OVW Technical Assistance Initiative	435,711
Department of Labor, Employment Training Administration					
Passthrough:					
Minnesota State Colleges & Universities	PO # 103244/previous PO # 99696	17.282		Trade Adjustment Assistance Community College and Career Training (TAACCT) Grants	53,604
Department of Labor, Office of Disability Employment Policy					
Passthrough:					
Institute for Educational Leadership	OD-23804-12-75-4-11	17.720		Disability Employment Policy Development	90,638
Department of State					
Passthrough:					
Institute of International Education	S-ECAGD-14-CA-1037	19.CXX		Contract-Department of State	27,758
International Research & Exchange Board	FY14-YALI-UMN-01	19.UXX		Unid CFDA-Department of State	69,095
Department of State, Bureau of Educational and Cultural Affairs					
Direct		19.415		Professional and Cultural Exchange Programs - Citizen Exchanges	87,496
Passthrough:					
American Alliance of Museums	S-ECAGD-13-CA-116 (SS)	19.415		Professional and Cultural Exchange Programs - Citizen Exchanges	61,987
American Councils for International Educ	SECAGD-14-CA-1078-UMN-200386	19.415		Professional and Cultural Exchange Programs - Citizen Exchanges	104,772
Institute of International Education	No Award Number	19.010		Academic Exchange Programs - Hubert H. Humphrey Fellowship Program	216,338
Institute of International Education	S-ECAGD-13-CA-008	19.010		Academic Exchange Programs - Hubert H. Humphrey Fellowship Program	(1,600)
Institute of International Education	S-ECAGD-14-CA-1037	19.010		Academic Exchange Programs - Hubert H. Humphrey Fellowship Program	326,927
International Research & Exchange Board	FY15-YALI-UMN-02	19.009		Academic Exchange Programs - Undergraduate Programs	36,790
Department of State, Under Secretary for Public Diplomacy and Public Affairs					
Direct		19.040		Public Diplomacy Programs	46,420
Department of the Interior					
Direct		15.CXX		Contract-Department of the Interior	45,235

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UNIVERSITY OF MINNESOTA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015**

Cluster, Agency, Subagency, Pass-through Entity	Pass-Through Award #	CFDA#	ARRA	CFDA Program Title	Federal Expenditures
Department of the Interior, Fish and Wildlife Service					
Direct		15.608		Fish and Wildlife Management Assistance	\$ (36)
Department of the Interior, National Park Service					
Direct		15.945		Cooperative Research and Training Programs Resources of the National Park System	29,870
Department of the Treasury					
Direct		21.CXX		Contract-Department of the Treasury	43,305
Department of the Treasury, Internal Revenue Service (IRS)					
Direct		21.008		Low Income Taxpayer Clinics	96,491
Department of Transportation					
Direct		20.UXX		Unid CFDA-Department of Transportation	11,500
Passthrough:					
KLS Engineering, LLC	T5001-2014-01 NCE	20.UXX		Unid CFDA-Department of Transportation	31,648
MN Department of Transportation	99008 W.O. 123	20.CXX		Contract-Department of Transportation	25,620
MN Department of Transportation	99008 W.O. 161 Amendment 1	20.CXX		Contract-Department of Transportation	131,997
MN Department of Transportation	99008 Work Order No. 34 Amend 2	20.UXX		Unid CFDA-Department of Transportation	12,373
Department of Veterans Affairs					
Direct		64.UXX		Unid CFDA-Department of Veterans Affairs	438,548
Environmental Protection Agency, Office of Water					
Direct		66.469		Great Lakes Program	263,093
Passthrough:					
MN Pollution Control Agency	66360/PO3000008336	66.460		Nonpoint Source Implementation Grants	118,879
MN Pollution Control Agency	Contract No. B56501 (Brittany Story)	66.469		Great Lakes Program	113,503
MN Pollution Control Agency	Grant No. 38905/C9-97593511-0	66.460		Nonpoint Source Implementation Grants	15,873
MN Pollution Control Agency	SWIFT #75852 SWIFT PO #300010200	66.469		Great Lakes Program	49,365
Univ of Illinois at Urbana-Champaign	2012-06075-03 A0131 Amend 02	66.469		Great Lakes Program	12,586
University of Wisconsin-Madison	423K220 under UW MSN155471 mod. 1	66.469		Great Lakes Program	6,943
Federal Trade Commission					
Direct		36.CXX		Contract-Federal Trade Commission	11,778
Institute of Museum and Library Services					
Direct		45.301		Museums for America	232,304
Direct		45.312		National Leadership Grants	93,559
Passthrough:					
MN Department of Education	64762/PO 6188	45.310		Grants to States	80,000
MN Department of Education	64767/PO 6189	45.310		Grants to States	1,200,000
Medicaid and CHIP Payment and Access Commission					
Direct		05.CXX		Contract-Medicaid and CHIP Payment and Access Commission (MACPAC)	213,429
National Aeronautics and Space Administration					
Direct		43.001		Science	4,776
Direct		43.009		Cross Agency Support	23,296
Direct		43.UXX		Unid CFDA-National Aeronautics and Space Administration	475,491
National Council on Disability					
Passthrough:					
Nat'l Assn of State Dir of Dev Dis Svcs	No Award Number	92.CXX		Contract-National Council on Disability	6,000
National Endowment for the Arts					
Direct		45.024		Promotion of the Arts_Grants to Organizations and Individuals	57,132
Passthrough:					
Arts Midwest	FY15-63	45.025		Promotion of the Arts_Partnership Agreements	900
Arts Midwest	No Award Number	45.025		Promotion of the Arts_Partnership Agreements	3,200
National Endowment for the Humanities					
Direct		45.149		Promotion of the Humanities_Division of Preservation and Access	27,125
Passthrough:					
American Library Assn	2178	45.U03		Unid CFDA-National Endowment for the Humanities	1,741
Digital Public Library of America, Inc	NEH_001_2013	45.169		Promotion of the Humanities_Office of Digital Humanities	128,419
Peace Corps					
Direct		45.C05		Contract-Peace Corps	24,816
Small Business Administration					
Passthrough:					
MN Dept of Employment & Economic Dev	#SC73003 Amend 4 SBDC-15-0002-S-FY15	59.037		Small Business Development Centers	296,964
MN Dept of Employment & Economic Dev	SC#73018 Amend 4 SBDC-15-0009-S-FY15	59.037		Small Business Development Centers	200,860

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UNIVERSITY OF MINNESOTA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015**

Cluster, Agency, Subagency, Pass-through Entity	Pass-Through Award #	CFDA#	ARRA	CFDA Program Title	Federal Expenditures
Vietnam Education Foundation					
Direct		85.U09		Unid CFDA-Vietnam Education Foundation	\$ 2,000
Total Public Service					62,059,498
INSTRUCTION					
Department of Agriculture, National Institute of Food and Agriculture					
Direct		10.202		Cooperative Forestry Research	111,738
Direct		10.203		Payments to Agricultural Experiment Stations Under the Hatch Act	605,194
Direct		10.210		Higher Education Graduate Fellowships Grant Program	83,457
Direct		10.217		Higher Education - Institution Challenge Grants Program	92,737
Direct		10.220		Higher Education - Multicultural Scholars Grant Program	22,408
Passthrough:					
Iowa State University	416-40-93P/2012-38500-19550	10.200		Grants for Agricultural Research, Special Research Grants	2,272
Iowa State University	416-41-21D	10.310		Agriculture and Food Research Initiative (AFRI)	70,435
Department of Defense, National Security Agency					
Direct		12.900		Language Grant Program	45,582
Department of Defense, Office of the Secretary of Defense					
Passthrough:					
Institute of International Education	2340-UMN-4-CHN-083-PO1	12.550		The Language Flagship Grants to Institutions of Higher Education	334,078
Department of Education, Office of Elementary and Secondary Education					
Passthrough:					
MN Office of Higher Education	74086	84.367		Improving Teacher Quality State Grants	35,585
MN Office of Higher Education	74089	84.367		Improving Teacher Quality State Grants	36,212
MN Office of Higher Education	88638	84.367		Improving Teacher Quality State Grants	8,798
MN Office of Higher Education	88796 PO 3371	84.367		Improving Teacher Quality State Grants	11,158
National Writing Project	92-MN01-SEED2012 AMD 03	84.367		Improving Teacher Quality State Grants	17,184
Department of Education, Office of Postsecondary Education					
Direct		84.229		Language Resource Centers	44,549
Department of Education, Office of Special Education and Rehabilitative Services					
Direct		84.325		Special Education - Personnel Development to Improve Services and Results for Children with Disabilities	185,073
Passthrough:					
MN Department of Education	SWIFT# 43445, Grant 2014-00389, Am 4	84.323		Special Education - State Personnel Development	99,349
Department of Health and Human Services, Administration for Children and Families					
Passthrough:					
MN Department of Human Services	AGPS #439481	93.658		Foster Care Title IV-E	(73)
MN Department of Human Services	GRK 29646 Req# H55 D14	93.658		Foster Care Title IV-E	33,153
MN Department of Human Services	GRK% 29646	93.658		Foster Care Title IV-E	282,241
MN Department of Human Services	GRK%80888	93.658		Foster Care Title IV-E	1,239,530
MN Department of Human Services	Swift# GRK%80883 SFY15PO 3000030409	93.658		Foster Care Title IV-E	400,870
Department of Health and Human Services, Agency for Healthcare Research and Quality					
Direct		93.225		National Research Service Awards_Health Services Research Training	583,913
Department of Health and Human Services, Centers for Disease Control and Prevention					
Direct		93.135		Centers for Research and Demonstration for Health Promotion and Disease Prevention	(53)
Direct		93.262		Occupational Safety and Health Program	1,821,662
Direct		93.542		Health Promotion and Disease Prevention Research Centers: PPHF - Affordable Care Act Projects	118,697
Department of Health and Human Services, Health Resources and Services Administration					
Direct		93.110		Maternal and Child Health Federal Consolidated Programs	1,635,333
Direct		93.124		Nurse Anesthetist Traineeships	16,206
Direct		93.186		National Research Service Award in Primary Care Medicine	240,539
Direct		93.247		Advanced Nursing Education Grant Program	404,697
Direct		93.732		Mental and Behavioral Health Education and Training Grants	166,672
Direct		93.822		Health Careers Opportunity Program	704,560
Direct		93.884		Grants for Primary Care Training and Enhancement	623,777
Department of Health and Human Services, Indian Health Service					
Direct		93.970		Health Professions Recruitment Program for Indians	135,198
Department of Health and Human Services, Substance Abuse and Mental Health Services Administration					
Direct		93.243		Substance Abuse and Mental Health Services_Projects of Regional and National Significance	400,867
Passthrough:					
MN Department of Human Services	GRK% 29816	93.958		Block Grants for Community Mental Health Services	67,660

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UNIVERSITY OF MINNESOTA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015**

Cluster, Agency, Subagency, Pass-through Entity	Pass-Through Award #	CFDA#	ARRA	CFDA Program Title	Federal Expenditures
Department of Homeland Security Direct		97.061		Centers for Homeland Security	89,347
Department of State, Bureau of Educational and Cultural Affairs Passthrough:					
Institute of International Education	No Award Number	19.010		Academic Exchange Programs - Hubert H. Humphrey Fellowship Program	11,575
Department of Transportation, Federal Highway Administration (FHWA) Direct		20.215		Highway Training and Education	11,500
Department of Veterans Affairs Direct		64.UXX		Unid CFDA-Department of Veterans Affairs	457,198
Environmental Protection Agency, Office of Research and Development (ORD) Direct		66.511		Office of Research and Development Consolidated Research/Training/Fellowships	477,813
Direct		66.514		Science To Achieve Results (STAR) Fellowship Program	15,099
National Aeronautics and Space Administration Direct		43.001		Science	5,490
Vietnam Education Foundation Direct		85.U09		Unid CFDA-Vietnam Education Foundation	<u>27,063</u>
Total Instruction					<u>11,776,343</u>
Total Non Clustered Programs					<u>73,987,496</u>
TOTAL FEDERAL EXPENDITURES					<u>\$1,035,967,705</u>

(Concluded)

UNIVERSITY OF MINNESOTA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of the University of Minnesota (the “University”) and is prepared on the cash basis of accounting. The information presented in the Schedule is presented in accordance with the requirements of the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in, the preparation of the University’s consolidated financial statements.

The University passes through certain funds to subgrantee organizations. Expenditures incurred by the subgrantees and reimbursed by the University are presented in the Schedule but not in the consolidated financial statements of the University. The University is also the subrecipient of federal funds, which have been subject to testing and are reported expenditures included as pass-throughs in the Schedule.

2. FACILITIES AND ADMINISTRATIVE RATES

The University utilized facilities and administrative rates that have been negotiated with and approved by its cognizant agency, the U.S. Department of Health and Human Services, and are effective for the period of July 1, 2011 through June 30, 2015.

The University has completed negotiations with the federal government for a new four-year facilities and administration (F&A) rates agreement. The new rates agreement is effective July 1, 2015, and provides the F&A rates remain unchanged for FY2016. In FY2017 the Hormel Institute rate will increase from 52.5% to 55.0%. Also the Organized Research rate will remain at 52.0% for the first two years, with stepped increases to 53.0% in FY2018 and 54.0% in FY2019.

3. CATALOG OF FEDERAL DOMESTIC ASSISTANCE (CFDA) NUMBERS

Some of the program, grants and/or other awards included in the Schedule are contracts, which do not report CFDA numbers. The expenditure amounts related to these programs, grants, and/or other awards have been reported, generally, at an agency level.

According to the June 2015 publication by the U.S. Office of Management and Budget Compliance Supplement Part 5, all grant awards issued by the National Science Foundation (NSF) and the National Institutes of Health (NIH) meet the definition of “Research and Development”. As a result of this, the Schedule of Expenditures of Federal Awards for the year ended June 30, 2015 includes \$17.8 million in reported expenditures under the Research and Development Cluster where in previous years these expenditures would have been reported as \$11.3 million and \$6.5 million within the Non Clustered Programs of Instruction and Public Service, respectively. This change did not have an impact on total federal expenditures in the current or prior years.

4. FEDERAL PERKINS LOAN PROGRAM

Amounts reported in the Schedule for the Federal Perkins Loan Program represent administrative and collection costs. Outstanding loans at June 30, 2015, under the Federal Perkins Loan Program were \$254,172,615. New Federal Perkins Loans of \$6,139,869 were advanced to students during the year ended June 30, 2015.

5. NEGATIVE EXPENDITURES

Within the Schedule there are negative amounts which represent a credit or adjustment, net the expenditures incurred.

6. RECONCILIATION OF FEDERAL AWARDS TO THE CONSOLIDATED FINANCIAL STATEMENTS

The following schedule is a reconciliation of total expenditures as shown on the Schedule to the operating expenses reported on the consolidated statement of revenues, expenses and changes in net position for the year ended June 30, 2015, which is included as part of the University's consolidated financial statements.

Schedule of expenditures of federal awards	\$ 1,035,967,705
Federal loan program amounts provided by Student Finance Office not directly included on the consolidated financial statements (Federal Direct Loan Advances-CFDA 84.268, Federal Work Study-CFDA 84.033, Pell Grant Program-CFDA 84.063, SEOG-CFDA 84.007, TEACH-CFDA 84.379 & Health Professions Student Loans-CFDA 93.342)	(447,695,379)
Expenditures of federal program dollars included in consolidated operating expenses	51,477,633
Less expenditures not included on the consolidated statement of revenues, expenses, and changes in net position (equipment, buildings, and structures)	(120,835,583)
Difference of prior-year overdrafts added back and current-year overdrafts subtracted out	478,251
Adjustments for expenditures of federal program dollars included in consolidated operating expenses and/or expenditures of non-federal program dollars included in consolidated operating expenses	(23,587)
Less cash to accrual basis adjusting journal entries (year-end close)	(8,256,008)
Uncategorized difference	15,156
Less federal pass-through grants not on the consolidated statement of revenues, expenses, and change in net position	<u>(98,812,117)</u>
Subtotal A-133 expense adjustments in sponsored federal funds in general ledger	(623,651,634)
Expenditures of non-federal dollars included in consolidated operating expenses	3,093,673,609
Internal Sales included in consolidated operating expenses	(214,824,095)
Depreciation included in consolidated operating expenses	218,564,987
Non-depreciation and internal sales accrual basis adjusting journal entries (year-end close)	<u>(254,994,775)</u>
Total operating expenses as shown on the consolidated statement of revenues, expenses and changes in net position for the year ended June 30, 2015	<u><u>\$ 3,254,735,797</u></u>

UNIVERSITY OF MINNESOTA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2015

SECTION I—SUMMARY OF AUDITORS' RESULTS

Financial Statements

- A. Type of auditors' report issued: Unmodified
- B. Internal control over financial reporting:
- Material weakness(es) identified? yes no
 - Significant deficiency(ies) identified? yes none reported
- C. Noncompliance material to financial statements noted? yes no

Federal Awards

- D. Internal control over major programs:
- Material weakness(es) identified? yes no
 - Significant deficiency(ies) identified? yes none reported
- E. Type of auditors' report issued on compliance for major programs: Unmodified
- F. Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? yes no
- G. Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
Various	Research and Development Cluster*
Various	Student Financial Assistance Cluster*
84.373	Special Education Technical Assistance on State Data Collection

*This program has various and unidentified CFDA numbers.

- H. Dollar threshold used to distinguish between Type A and Type B programs: \$3,107,903 for Type A Programs
\$310,790 for Type B Programs
- I. Auditee qualified as low-risk auditee? yes no

SECTION II—FINANCIAL STATEMENT FINDINGS

No financial statement matters are reportable matters.

SECTION III—FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters are reportable matters.

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Regents and
President Eric Kaler
University of Minnesota
Minneapolis, Minnesota

We have performed the procedures enumerated below, which were agreed to by the University of Minnesota (the "University"), with respect to the accounting records of the University of Minnesota Athletics Department (the "Department") as of and for the year ended June 30, 2015, solely to assist you in evaluating whether the accompanying statement of revenue and expenditures and the related notes (the "Statement") is in compliance with the National Collegiate Athletic Association (NCAA) Bylaw 3.2.4.15 dated August 28, 2015. The University's management is responsible for the Statement and the University's compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures (including sample sizes and thresholds) is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures (including sample sizes and thresholds) described below either for the purpose for which this report has been requested or for any other purpose.

Agreed-Upon Procedures for the Statement

- We obtained the Statement as prepared by the Department for the year ended June 30, 2015, as included in Exhibit A to this report.
- We recalculated the total dollar amounts on the Statement and compared the amounts on each line on the Statement to the corresponding amounts on the reconciliation prepared by management between the University's general ledger and the amounts on the Statement, noting no exceptions.
- We compared the dollar amounts on management's reconciliation to the University's general ledger and recalculated the total presented in the Statement, noting no exceptions.
- We compared current year recorded revenue and expense amounts over \$1 million and/or 10% of the total prior year revenue or expense amounts, respectively, to prior year recorded amounts and current year budgeted amounts recorded in the Statement and general ledger, and obtained explanations from management for any variances in excess of \$1 million and/or 10% in major revenue and expense amounts. Within the variance explanations we identified one exception as follows:

The University hosted a professional soccer game during the reporting period, recorded within the TCF Bank Stadium—Outside Events (Soccer/Concerts/DCI/MLB) line on the Statement, and recorded a portion of the revenues related to the event in the prior fiscal year (at the time the tickets for the event were sold) that should have been recognized during the current fiscal year.

Agreed-Upon Procedures for Revenues and Expenditures

- We compared and agreed each operating revenue and operating expense category reported in the Statement during the year ended June 30, 2015, to supporting schedules provided by management, noting no exceptions.
- We randomly selected 25 revenue and expense transactions from the Statement and compared and agreed the date, name, dollar amount, and description of a haphazard sample of 13 operating revenue receipts obtained from the above operating revenue supporting schedules to supporting documentation and 12 operating expenses obtained from the above operating expense supporting schedules to supporting documentation. We identified no exceptions within the 12 random operating expense selections and one exception within the 13 random operating revenue selections as follows:

We made a random selection from the outside events category which was for a concert hosted by the University during the reporting period and identified that a portion of the revenue and expenditures related to the event were recognized in the next fiscal year that should have been recorded during the current fiscal year.

In addition to the 25 random revenue and expense selections, we performed the following procedures on revenues and expenditures in accordance with the agreed upon procedures required by NCAA Bylaw 3.2.4.15:

Revenues

- We compared tickets sold during the reporting period, complimentary tickets provided during the reporting period and unsold tickets during the reporting period for one sports program (selected haphazardly) during the reporting period to the related revenue reported by the Department in the Statement and the related attendance figures, noting no exceptions.
- We inquired of Department management as to whether the Department received student fee revenue noting that it did not.
- We inquired of Department management as to whether the Department received direct state or other governmental support noting that it did not.
- We compared the total direct and indirect institutional support recorded by the Department during the reporting period to institutional supporting budget transfers documentation and corroborative supporting documentation, noting no exceptions.
- We inquired of Department management as to whether the University received transfers back from the Department noting that the Department retains any profits for future financial fluctuations therefore does not transfer any of its profits back to the University. The only funds paid to the University are for student-athlete grant-in-aid and debt/lease transfers for use of facilities; no further procedures were performed.
- We obtained the listing of away game guarantees and traced the settlement reports and contractual agreements for all away game guarantees to the Department's general ledger and the Statement, noting no exceptions.
- We obtained a list, from the University, of contributions of all money, goods or services received directly by the Department during the reporting period and agreed the total to the general ledger, and

obtained and documented and understanding of any variations over 10%. We scanned the list of contributions and noted that no individual contributions comprised 10% or more of contributions.

- We obtained a schedule, from the University, of in-kind donations recorded by the University and compared it to the amount of in-kind donations recorded in the general ledger for one selection (selected haphazardly), noting no exceptions. We noted that two of the three in-kind donations listed in the schedule were not included in the Statement.
- We inquired of Department management as to whether any employees in the Department received compensation and benefits provided by a third-party, noting that none did.
- We obtained and inspected agreements related to the Department's participation in revenues from broadcast, television and radio rights during the reporting period to gain an understanding of the rights received by the University through its conference offices, compared and agreed related revenues to a summary statement of all media rights identified and for one agreement (selected haphazardly), obtained supporting documentation and agreed the amount to the Department's general ledger and the Statement, and recalculated the totals, noting no exceptions.
- We compared the amounts recorded in NCAA distributions revenue to general ledger detail for NCAA distributions and other corroborative supporting documents for one selected distribution (selected haphazardly) and recalculated totals, noting no exceptions.
- We obtained and inspected agreements related to the University's conference distributions and participation in revenues from tournaments during the year ended June 30, 2015 to gain an understanding of the relevant terms and conditions, compared and agreed the related revenues to the University's general ledger and the Statement, and recalculated totals for two selections (selected haphazardly), noting no exceptions.
- We obtained the listing of program sales, concessions, novelty sales, and parking during the reporting period, agreed the total to the Statement and made one parking selection (selected haphazardly) and traced the supporting documentation to the Department's general ledger and the Statement and recalculated totals, noting no exceptions.
- We obtained and inspected agreements related to the Department's participation in revenues from royalties, licensing, advertisements and sponsorships during the reporting period to gain an understanding of the relevant terms and conditions, compared, agreed the total related revenues within the supporting schedule to the Statement and obtained supporting documentation for one agreement (selected haphazardly) to compare to the amount recorded in the Department's general ledger and the Statement, and recalculated the totals, noting no exceptions.
- We inquired of Department management as to whether the Department received sports camp revenues during the year ended June 30, 2015, noting none, therefore no further procedures were performed.
- We obtained and inspected one selected endowment agreement restricted to athletics (selected haphazardly) to gain an understanding of the relevant terms and conditions, compared and agreed the classification and use of endowment and investment income reported in the Statement to the uses of income defined within the related endowment agreement and recalculated totals, noting no exceptions.

Expenditures

- We selected a sample of 66 students (selected haphazardly) from the listing of University student aid recipients during the year ended June 30, 2015, obtained individual student-account detail for each selection and compared total aid allocated from the related aid award letter to the student's account. We compared the information for each student selected from the listing to ensure their information was reported accurately in the NCAA's Compliance Assistant software, including recalculating the equivalency unit value reported to the NCAA for each student selected within the sample, and recalculated totals. We recalculated totals for each sport and overall. We did not perform equivalency unit recalculations for summer session student selections because the Department is not required to report equivalency unit values to the NCAA for the summer session. We additionally were not able to obtain an aid award letter for 5 selections from the summer semester because it was their first semester on campus and an award letter is not required by the NCAA for the summer semester if it is a student's first semester on campus. We noted the following exceptions while performing these procedures:
 - We identified that one of the students selected was not included in the squad list reported to the NCAA for the Women's Rowing team but should have been included. The Department has reported this violation to the NCAA and added the student to the squad list going forward. Department management noted that this student exhausted her eligibility and was no longer counting toward the team's scholarship limit so this omission from the squad list had no impact within the team's overall scholarship equivalency calculations.
 - We identified that one of the students selected should have received athletic aid at an in-state level however received aid at an out-of-state level during the reporting period. We inquired of Department management as to how this occurred and noted because the selected student changed residency during the year and the athletic department was not aware of the change. The additional aid that he received caused the Wrestling team to exceed its scholarship allotment for the year by a small margin. As a result, the Department has notified the NCAA of this noncompliance. Department management noted that since this occurred, the Department has put a system in place to ensure they are aware of students who change their residency.
- We obtained and inspected visiting institutions' away-game settlement reports received by the University during the reporting period for five selected guaranteed contracts (selected haphazardly) and agreed related expenses to the University's general ledger and the Statement, obtained and inspected contractual agreements pertaining to expenses recorded by the University from the five guaranteed contests during the reporting period, compared and agreed related amounts expensed by the University for the five guaranteed contracts during the reporting period to the University's general ledger and the Statement and recalculated totals, noting no exceptions.
- We obtained and inspected a listing of coaches employed by the Department during the reporting period, selected five coaches' contracts (selected haphazardly) that included football, and men's and women's basketball from the listing, compared and agreed the financial terms and conditions of the salaries, benefits and bonuses recorded by the University in the Statement during the reporting period, and obtained the payroll records for the compensation paid, compared and agreed payroll registers for the reporting period to the related coaching salaries, benefits, and bonuses paid by the University and related entities expense recorded by the University in the Statement during the reporting period, compared and agreed totals recorded to any employment contracts executed for the sample selected and recalculated the totals, noting no exceptions.

- We inquired of Department management as to whether any coaches were employed by third parties during the reporting period, noting that none were.
- We selected five support staff/administrative personnel employed by the University and related entities during the reporting period (selected haphazardly), obtained and inspected the payroll register for the selected personnel for the reporting period and compared and agreed related summary payroll register to the related support staff/administrative salaries, benefits, and bonuses paid by the University and related entities expense recorded by the University in the Statement during the reporting period and recalculated the totals, noting no exceptions.
- We inquired of Department management as to whether any support staff/administrative personnel were employed by third parties during the reporting period, noting that none were.
- We selected a sample of five employees receiving severance payments by the University during the reporting period (selected haphazardly) and agreed each severance payment to the related termination letter or employment contract and recalculated totals, noting no exceptions.
- We obtained and documented an understanding of the University's recruiting expense policies and compared and agreed to existing University and NCAA-related policies, and obtained general ledger detail, compared to the total expenses reported in the supporting schedule to the amount recorded in the Statement and obtained supporting documentation for one selection (selected haphazardly), noting no exceptions.
- We obtained and documented an understanding of the University's team travel policies and compared and agreed to existing University and NCAA-related policies and obtained general ledger detail, compared to the total expenses reported the supporting schedule to the amount recorded in the Statement and obtained supporting documentation for one selection (selected haphazardly), noting no exceptions.
- We obtained the listing of equipment, uniforms and supplies purchased during the reporting period and made five selections (selected haphazardly). We traced our selections to supporting documentation and recalculated totals, noting no exceptions.
- We obtained the listing of game expenses during the reporting period and made five selections (selected haphazardly). We traced our selections to supporting documentation and recalculated totals, noting no exceptions.
- We obtained the listing of fundraising, marketing and promotion expenses during the reporting period and made five selections (selected haphazardly). We traced our selections to supporting documentation and recalculated totals, noting no exceptions.
- We inquired of Department management as to whether the Department had any sports camp expenses during the reporting period noting that sports camps at the University are independently owned and are not operated by the University; no further procedures were performed.
- We obtained the listing of spirit group expenses during the reporting period and made five selections (selected haphazardly). We traced our selections to supporting documentation and recalculated totals, noting no exceptions.
- We obtained the listing of debt service schedules, lease payments and rental fees for athletics facilities during the reporting period and selected the top two highest facility payments and

haphazardly made an additional three selections (selected haphazardly). We traced our selections to supporting documentation, compared the amounts to the amounts listed in the general ledger detail and recalculated totals, noting no exceptions.

- We obtained the listing of direct overhead and administrative expenses during the reporting period and made five selections (selected haphazardly). We traced our selections to supporting documentation and recalculated totals, noting no exceptions.
- We obtained the listing of medical and medicinal insurance expenses during the reporting period and made five selections (selected haphazardly). We traced our selections to supporting documentation and recalculated totals, noting no exceptions.
- We obtained the listing of membership and dues expenses during the reporting period and made five selections (selected haphazardly). We traced our selections to supporting documentation and recalculated totals, noting no exceptions.
- We obtained the listing of other operating expenses during the reporting period and made five selections (selected haphazardly). We traced our selections to supporting documentation and recalculated totals, noting no exceptions.
- We inquired of Department management as to whether the Department transfers any amounts back to the University noting that it retains any profits for future financial fluctuations. The only funds paid to the University are for student-athlete grant-in-aid and debt/lease transfers for use of facilities. No further procedures were performed.

Expense Policy Noncompliance

In accordance with the 2015 Agreed Upon Procedures issued by the NCAA, we were required to perform certain procedures around the Athletic Department's recruiting and travel policies. These procedures included gaining an understanding of the applicable policies, comparing the policies to the University and NCAA policies, and comparing the expenses recorded in the Statement to the general ledger. These prescribed procedures do not include making specific selections for the purpose of ensuring that expenses are incurred and reimbursed in accordance with the Department's policy.

While we were engaged to perform the agreed upon procedures referenced above, the University's internal audit team performed an internal analysis of the Department's adherence to expense policies focusing on the time period when Norwood Teague was the Athletic Director. The findings of this internal analysis were published in the "Office of Internal Audit Report—Athletics Administration December 2015." To enhance our understanding of the Department's compliance with the University's expense policies, D&T reviewed this report and noted that multiple instances of noncompliance were identified. These areas of noncompliance were specifically addressed in the report along with recommendations for correction. One of these recommendations was for the Department to obtain reimbursement from employees for disallowed expenses. The Department has subsequently complied with this recommendation by receiving reimbursement for substantially all disallowed expenses.

Through our review of internal audit's report and our performance of the procedures prescribed by the NCAA, we have fulfilled the requirements of the NCAA regarding travel and recruiting policies at the University of Minnesota. We will present our findings to the University's audit committee, including our consideration of the expense policy noncompliance identified by internal audit, at the February 2016 audit committee meeting.

Agreed-Upon Procedures for Capitalized Assets

- We obtained the capitalized assets activity schedule provided by management as of June 30, 2015, which is included as Exhibit B to this report, and compared such schedule to supporting documentation, including the University's general ledger, noting no exceptions.
- We haphazardly selected five assets from this schedule and compared those amounts to the general ledger, noting no exceptions.

Agreed-Upon Procedures for Intercollegiate Debt

- We obtained repayment schedules for all outstanding Intercollegiate Athletics' Department debt maintained by the University during the year ended June 30, 2015, which is included as Exhibit C to this report, and recalculated annual maturities of principal and interest of such debt and compared the total of such maturities to supporting documentation, and the University's general ledger, noting no exceptions.

Agreed-Upon Procedures for Affiliated/Outside Organizations ("Booster Clubs")

- We obtained the list of all Booster Clubs that are affiliated with University intercollegiate athletics programs for the year ended June 30, 2015, a summary of which is included as Exhibit D to this report.
- We confirmed Booster Clubs' revenues and expenses directly with a responsible official of each Booster Club, noting no exceptions.
- We confirmed the Booster Clubs' statements of contributions, which included cash balances reported by the Booster Clubs at June 30, 2015, with officers of the Booster Clubs, noting no exceptions.

Agreed-Upon Procedures Related to the Internal Control over Compliance

- We made inquiries of the Controller's Office of the University and Department personnel relating to the procedures and internal accounting controls unique to the Department, specifically departmental organization, control consciousness of staff, use of internal auditors in the Department, competency of personnel, adequate safeguarding and control of records and assets, controls over interaction with the information technology department, and controls over gathering information on the nature and extent of outside organizations' activities for, or on behalf of, the intercollegiate athletic programs.
- We made 15 selections of cash deposits (selected haphazardly) related to ticket revenue from the deposit slip files for the year ended June 30, 2015, and compared such to the amounts deposited per the general ledger, noting no exceptions.

Because of inherent limitations in any internal control structure, errors or irregularities may occur and not be detected. In addition, projections by the specified users of their evaluation of the internal control structure over financial reporting to future periods are subject to risk that the internal control structure may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

We were not engaged to perform an audit, the objective of which would be the expression of an opinion on the Statement or the Statement's compliance with NCAA Bylaw 3.2.4.15. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of the administration of the University, the University's Board of Regents, and authorized representatives of the NCAA and is not intended to be and should not be used by anyone other than these specified parties.

Deloitte & Touche LLP

January 15, 2016

UNIVERSITY OF MINNESOTA—MINNEAPOLIS, MINNESOTA
University of Minnesota Athletics Department—National Collegiate Athletic Association (NCAA)

EXHIBIT A

STATEMENT OF REVENUE AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2015

	Men's Basketball	Women's Basketball	Football	Men's Hockey	Other Sports	Non-Program Specific	Total
OPERATING REVENUES:							
Ticket Sales (20445)	\$ 5,078,160	\$ 359,027	\$11,576,651	\$5,286,237	\$ 682,730	\$ 30,349	\$ 23,013,154
Radio / TV (20579-1.7991)	4,308,818		17,235,273				21,544,091
Postseason—NCAA/Bowl Distributions (20579)	2,624,704		5,059,341			3,105,566	10,789,611
On Campus Concessions (20511-1.394)						1,507,810	1,507,810
Novelties (Gold Country) (20511-1.398)						422,526	422,526
Trademarks/Licensing (20511-1.396)						1,285,191	1,285,191
Signage/Advertising—ICA/GSP—(20511-1.1012 & 20511-1.401)						8,906,232	8,906,232
Football Stadium Temporary Chairbacks (20445-1.11508)			123,945				123,945
BKB/HO Club Room Memberships (20659)				4,200			4,200
FB / M-HO / VB Pref/Prem seating amenities			199,852	710	5,460		206,022
Facilities Rental Income (21324)						380,969	380,969
Tennis Facility Rental (21324-1.7727)						599,362	599,362
Facilities Event Rental Income (21324) -includes Vikings						6,551,471	6,551,471
Event Alcohol Sales (20445-1.11709 & 12160-21324-1.11709)						2,171,587	2,171,587
Athletic Equipment Sales (20517)						21,031	21,031
FB, BB, HO Donor parking (20445-1.1003, 20445-1.382, 383, 384, 388, 389)						1,252,848	1,252,848
Postage revenue (20445-1.1004)						867,745	867,745
Miscellaneous revenue (20445, 20445-1.1000, 20445-1.5326, 20652, 20445-1.5329, 20445-1.10992, 21321, 21322, 20457, 20657, 20660)						20,040	20,040
ICA Miscellaneous operations (20450, 21848))						48,451	48,451
Marketing Events Revenue (20445-1.999)						115,376	115,376
Post-season travel / tickets (20649)						126,581	126,581
"M" Club Revenue (20445-1.5896)						80,216	80,216
Other Misc Revenue—Support Units				115,304		42,657	42,657
Other Misc Revenue—Griak Event						165,233	280,537
TCF Bank Stadium—Outside Events (Soccer/Concerts/DCI/MLB)						118,592	118,592
Other Misc Revenue						3,143,878	3,143,878
Football Bowl Game			1,919,180			23,043	23,043
NCAA Student-Athlete Opportunity Fund (20642)						665,939	665,939
Central Allocation—Academic Support						1,318,435	1,318,435
Central Allocation—Central Cost Pool Allocation						5,600,661	5,600,661

(Continued)

UNIVERSITY OF MINNESOTA—MINNEAPOLIS, MINNESOTA
University of Minnesota Athletics Department—National Collegiate Athletic Association (NCAA)

EXHIBIT A

STATEMENT OF REVENUE AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2015

	Men's Basketball	Women's Basketball	Football	Men's Hockey	Other Sports	Non-Program Specific	Total
GIFT-RELATED REVENUE:							
Foundation—Scholarships Draws	\$ 335,407	\$ 355,045	\$ 2,004,958	\$ 415,706	\$ 4,647,228	\$ 220,642	\$ 7,978,986
Foundation—Summer School Aid						1,294,449	1,294,449
Foundation—Debt Service (10185-20578-1-10812)			1,953,356			1,348,962	3,302,318
Mariucci Arena Enhancements (UMF0003380)				66,477			66,477
Williams Arena Enhancements (UMF0003607)	2,094	2,094					4,188
Athletics Village Study						1,500,000	1,500,000
Softball Locker Room Improvements					79,796		79,796
Football / Facility Improvements/Renovation			556,924				556,924
MBKB & WBKB Renovations/Locker Room/Facility	277,000	133,613					410,613
Siebert Field Indoor Hitting Facility/Siebert Field Debt Payment					999,058		999,058
Goldy's Run (UMF0008670)						5,045	5,045
Spring Hill golf tournament/Mn Invitational Golf					82,185		82,185
Unrestricted (Service/Booster Funds)	362,919	29,092	257,173	18,331	428,999	124,287	1,220,801
Foundation—Devel. Salary Support & ICA Support (10188-20330)						2,004,213	2,004,213
Total operating & gift-related revenues	<u>12,989,102</u>	<u>878,871</u>	<u>40,886,653</u>	<u>5,906,965</u>	<u>6,925,456</u>	<u>45,069,387</u>	<u>112,656,434</u>
OTHER REVENUES:							
Revolving funds—External						347,248	347,248
Total other revenues						<u>347,248</u>	<u>347,248</u>
Total FY15 revenues	<u>12,989,102</u>	<u>878,871</u>	<u>40,886,653</u>	<u>5,906,965</u>	<u>6,925,456</u>	<u>45,416,635</u>	<u>113,003,682</u>

(Continued)

UNIVERSITY OF MINNESOTA—MINNEAPOLIS, MINNESOTA
University of Minnesota Athletics Department—National Collegiate Athletic Association (NCAA)

EXHIBIT A

STATEMENT OF REVENUE AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2015

	Men's Basketball	Women's Basketball	Football	Men's Hockey	Other Sports	Non-Program Specific	Total
OPERATING EXPENDITURES:							
Coaches salaries	\$ 1,816,101	\$ 876,035	\$ 4,257,000	\$ 578,560	\$ 3,860,772	\$ 115,018	\$ 11,503,486
Other salaries	303,769	147,174	1,605,919	124,162	627,698	8,803,932	11,612,654
Fringe benefits	711,488	333,691	1,934,947	224,813	1,534,175	3,698,477	8,437,591
Professional Services fees	186,441	137,310	633,806	72,858	315,464	1,453,435	2,799,314
General Admin. & supplies	536,791	209,457	2,499,101	359,420	932,943	5,922,945	10,460,657
Guarantees/Revenue Sharing payments	917,528	106,735	2,225,000	26,500			3,275,763
Team Equipment	234,034	228,329	1,067,987	210,929	1,729,317		3,470,596
Software		991	23,214	1,437	41,154	183,355	250,151
Telephone	850	1,871	5,380	1,295	9,849	239,553	258,798
Repair/Maintenance & supplies	4,675	676	453,191	631	24,618	78,053	561,844
Travel/Food/Lodging:							
Team	966,682	895,975	680,402	605,529	4,007,947		7,156,535
Other Travel	61,787	42,239	215,995	116,997	160,693	633,503	1,231,214
Rents/Leases	2,172		50,023	2,045	35,630	118,820	208,690
Capital Equipment purchases			10,850		4,845	50,135	65,830
Lab, Medical, Dental & supplies	60		900		686	226,273	227,919
Recruiting	390,533	164,905	602,856	52,260	530,967		1,741,521
Misc Administrative expenses (away game tickets)	110,216	10,710	219,100	24,085	15,355	205,415	584,881
Facilities—Operations & Maintenance						8,530,405	8,530,405
Facilities—Utilities						2,685,754	2,685,754
Facilities—Projects	1,276,062	1,100,000	125,000			406,445	2,907,507
Facilities—Renewal & Replacement						1,387,224	1,387,224
M&W Basketball Special Projects/Remodels	279,094	135,706					414,800
Softball Locker Room Project					79,796		79,796
Siebert Field Indoor Hitting Facility					99,058		99,058
Football Renovations/Projects			167,404				167,404
Mariucci Arena Upgrades (Suite Level)				66,477			66,477
Athletic Village Design Costs						1,500,000	1,500,000
Football Bowl Game			2,183,550				2,183,550
Service Funds/Booster Funds	362,919	30,081	257,173	18,331	476,366		1,144,870

(Continued)

UNIVERSITY OF MINNESOTA—MINNEAPOLIS, MINNESOTA
University of Minnesota Athletics Department—National Collegiate Athletic Association (NCAA)

EXHIBIT A

STATEMENT OF REVENUE AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2015

	Men's Basketball	Women's Basketball	Football	Men's Hockey	Other Sports	Non-Program Specific	Total
Grant-in-Aid	\$ 335,407	\$ 355,045	\$ 2,004,958	\$ 415,706	\$ 4,647,228	\$ -	\$ 7,758,344
5th Year & Summer School Aid						1,294,449	1,294,449
Non Athletic Aid	8,643	12,675	28,763		25,067	765,433	840,581
Athletics Village Study						1,586	1,586
McNamara Learning Center						925,000	925,000
Reserve for Future Buyouts (per University)/Reserve for Retention						850,000	850,000
Marching Band						235,857	235,857
Central Cost Pool Allocation						5,749,294	5,749,294
Events—Internal						652,215	652,215
Events—External						2,734,560	2,734,560
Debt Service						5,733,574	5,733,574
Total operating expenditures	<u>8,505,252</u>	<u>4,789,605</u>	<u>21,252,519</u>	<u>2,902,035</u>	<u>19,159,628</u>	<u>55,180,710</u>	<u>111,789,749</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENSES	<u>\$ 4,483,850</u>	<u>\$(3,910,734)</u>	<u>\$19,634,134</u>	<u>\$3,004,930</u>	<u>\$(12,234,172)</u>	<u>\$(9,764,075)</u>	<u>\$ 1,213,933</u>

See notes to the statement of revenues and expenditures for the year ended June 30, 2015.

(Concluded)

UNIVERSITY OF MINNESOTA, MINNEAPOLIS, MINNESOTA
University of Minnesota Athletics Department—National Collegiate
Athletic Association (NCAA)

NOTES TO THE STATEMENT OF REVENUE AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2015

Management informed us that the information on operating and gift-related revenues and operating expenditures is presented in accordance with the principles stated in the NCAA Agreed-Upon Procedures manual dated August 28, 2015, which contained policies and procedures related to the administration of NCAA Constitution 3.2.4.15. In addition, management informed us of the following:

Revenue Recognition—The amounts in the Statement were obtained from the University’s general ledger, which is maintained on an accrual basis. The institution prepared the Statement using the basic accounting and revenue recognition principles set forth in the American Institute of Certified Public Accountants Audit and Accounting Guide entitled “Not-for-Profit Organizations” (the “NFP Audit Guide”) and in the National Association of College and University Business Officers publication entitled “College and University Business Administration” and revenue is presented on an accrual basis. The Statement presents an excess (deficiency) of revenues over (under) expenses, but does not present any fund or net asset balances. In addition, changes in loan, endowment, or plant funds related to intercollegiate athletics are not included in the Statement.

The University records depreciation on physical plant and equipment, however, depreciation is not part of the Statement. Revenues include all unrestricted and restricted resources earned during the year to the extent that such funds were expended for current operating purposes. Ticket sales are recorded as revenue during the year in which the related event is scheduled. Revenues related to events scheduled subsequent to year-end are deferred.

Contributions—Contribution revenue included in the Statement represents contributions given to the University’s Department based on the donor’s instructions. There were no individual contributions in excess of 10% of all contributions received for the Department for the year ended June 30, 2015.

Gifts—Revenues include amounts received directly from individuals, corporations, associations, foundations, clubs, or other organizations that are designated or restricted by the donor for the operations of the athletics program.

Investment and Endowment Income—Revenues include unrestricted and restricted investment and endowment income to the extent expended for operations of intercollegiate athletics.

Revenue Allocations—Revenues include University subsidies. These amounts are allocated by the University’s management.

Capitalized Assets—Land, buildings, and other property are recorded at cost, if purchased or constructed, or at market value on the date of gift, if received by gift or bequest.

Expenditures—Expenditures included in the Statement are presented on a cash basis.

UNIVERSITY OF MINNESOTA—MINNEAPOLIS, MINNESOTA
University of Minnesota Athletics Department—National Collegiate
Athletic Association (NCAA)

EXHIBIT B

CAPITAL ASSET ACTIVITY
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015

	Balance at July 1, 2014	Additions	Deletions	Reinstatements	Transfers	Balance at June 30, 2015
GROSS BUILDING:						
Robbie Stadium, Elizabeth Lyle	\$ 2,779,205	\$ -	\$ -	\$ -	\$ -	\$ 2,779,205
Ridder Arena and Bselne Tns Fac	20,774,551					20,774,551
Williams Arena—Wmns Locker Rms	832,715					832,715
Aquatic Center—Canoe Storage B	110,421					110,421
U of Minnesota Boat House	4,894,450					4,894,450
Bierman Field Athletic Bldg	3,205,666					3,205,666
Bierman Field Athletic Bld-Ren	7,571,682					7,571,682
Gibson/Nagurski Football Facil	12,694,581					12,694,581
Bierman Field Clubhouse	26,332					26,332
Bierman Field Clubhouse-Tool R	1,000					1,000
Bierman Field Clubhse-Stre Shd	1,250					1,250
Siebert Stadium	196,007	7,311,507				7,507,514
Track and Field storage bldg	51,057					51,057
Mariucci Arena	23,768,149					23,768,149
Field House, University of Min	1,477,379					1,477,379
Field House, UMN—renovation	21,109					21,109
Peik Gymnasium	1,149,106					1,149,106
Cowles Stadium, Jane Sage	2,568,282					2,568,282
Williams Arena and Sprts Paviln	21,604,583					21,604,583
Driving range bldg, golf crse	228,536					228,536
Golf club house	35,565					35,565
Turf Management Ctr, golf crse	49,602					49,602
Turf Mgmt Center golf crse-ren	1,034,754					1,034,754
Gymnasium	108,535					108,535
Gymnasium—Renovation	2,865,255					2,865,255
Gymnasium—Pool and Renovation	3,946,734					3,946,734
Golf course projects	56,085					56,085
Golf course projects	341,777					341,777
Track and field stadium	975,170					975,170
Cowles Stadium, Jane Sage	58,280					58,280
Golf course tunnel	82,500					82,500
Tennis crts 1715 5th St S.E.	335,076					335,076
TCF Stadium	282,050,306 (A)					282,050,306
Replacement fieldturf in indoor practice facility	475,078					475,078
Golf Team Practice Course	418,327					418,327
Robbie Stadium Support Building	48,791					48,791
Williams Arena 2008 Addition	1,039,989	71,126				1,111,115
TOTAL BUILDING	\$ 397,877,885	\$ 7,382,633	\$ -	\$ -	\$ -	\$ 405,260,518
GROSS EQUIPMENT	\$ 13,393,493	\$ 830,526	\$(37,165)	\$ -	\$ -	\$ 14,186,854

(A) This amount was previously disclosed as \$291,623,159 but it should have been disclosed as \$282,050,306 as of June 30, 2014

UNIVERSITY OF MINNESOTA—MINNEAPOLIS, MINNESOTA
University of Minnesota Athletics Department—National Collegiate
Athletic Association (NCAA)

EXHIBIT C

LONG-TERM DEBT REPAYMENT SCHEDULE
AS OF JUNE 30, 2015

Project	Original Loan Amount Related to Athletic Dept. Projects	Outstanding Principal Amount of Athletic Debt at June 30, 2015	Interest Rate Charged to Athletics	FY15 Debt Service
Athletics facilities project	\$ 40,000,000	\$ 8,011,555	4.28 %	\$ 1,348,962
Various facilities projects (A)	10,535,401	3,877,005	3.0%–4.75%	766,863
TCF Bank Stadium	28,000,000	21,280,000	4.60 %	1,991,414
TCF Bank Stadium	<u>25,000,000</u>	<u>16,400,000</u>	actual	<u> </u> (B)
TOTAL	<u>\$ 103,535,401</u>	<u>\$ 49,568,560</u>		<u>\$ 4,107,239</u>

(A) The debt related to the various facilities projects was not disclosed as of June 30, 2014 but should have been

(B) No payment was made on the TCF Bank Stadium 2009D Commercial Paper and a catch up payment will be required in FY 2016

General obligation (GO) bonds or commercial paper (CP) supported by the full faith and credit of the University are issued for various capital projects. When a project related to athletics facilities is funded by external debt, the Department is generally charged its applicable share of debt service for that debt.

TCF Bank Stadium (the “Stadium”) , completed in July 2009, was financed with various debt issuances, private donations, corporate sponsorships, student fees, game day parking fees, and other University revenues. The debt issuances supporting the Stadium included GO bonds Series 2009A with a par of \$41,000,000, GO bonds Series 2009B with a par of \$17,035,000, Special Purpose Revenue Bonds (State Supported Stadium Debt) Series 2006 with a par of \$137,250,000, and CP Series D totaling \$25,000,000.

Repayment of \$28,000,000 of the \$41,000,000 GO Series 2009A is an obligation of the Department. The remaining \$13,000,000 of the \$41,000,000 of GO Series 2009A is funded by student activity fees, which are not part of the Department and is not included in the long-term debt repayment schedule above. Repayment of the GO Series 2009B is funded by a separate contractual agreement that is not included in the activity of the Department and is not included in the table above.

Debt service payments on the \$25,000,000 of CP Series 2009D will be funded by future gifts as they are received by the foundation and/or athletic department revenue. Gift revenues in the amount of \$1,300,000 were applied as principal reduction of the debt during fiscal year 2015. Fiscal year 2015 interest was charged to the Department based on the actual interest rate the University pays on the CP, which is in the range of 0.08% to 0.09% as of June 30, 2015.

The state-supported Stadium debt is a special limited obligation of the University and is not included in the long-term debt repayment schedule above. Specified transfers expected to be made by the State of Minnesota pursuant to legislation providing for the appropriation of such transfer from the general fund of the State of Minnesota for the payment of the state-supported Stadium debt. On August 26, 2015, the University issued Special Purpose Revenue Refunding Bonds Series 2015A. The Series 2015A was used in the par amount of \$90,075,000 to defease and refund the Special Purpose Revenue Bonds Series 2006. The State of Minnesota is expected to continue to make the specified transfer for the Series 2015A pursuant to amended legislation. Neither any other revenues nor assets of the University, nor the full faith and credit of the University, is pledged for repayment of the principal or interest on the state-supported Stadium debt.

UNIVERSITY OF MINNESOTA—MINNEAPOLIS, MINNESOTA
University of Minnesota Athletics Department—National Collegiate
Athletic Association (NCAA)

EXHIBIT D

BOOSTER CLUBS

Activity for FY15 (July 1, 2014–June 30, 2015)

Booster Clubs	Beginning Cash Balance	Cash Deposits	Cash Disbursements		Non University Activity	Ending Cash Balance
			To or On Behalf of Program	To or On Behalf of Boosters		
MEN'S ACTIVITY:						
Baseline Club	\$ 8,583	\$ 17,620	\$ 5,000	\$ 14,298	\$ 292	\$ 6,613
Blue Line Club	63,996	52,416	22,190	27,872		66,350
Dugout Club	24,600	63,383	820	46,477	174	40,512
Goal Line Club	71,809	149,909		151,277		70,441
Golden Dunkers Club	22,355	42,854		40,854	5,470	18,885
Graceful Golden Gophers	14,760	4,625		3,292		16,093
Takedown Club	4,343	185,405		179,116	967	9,665
Total men's activity	<u>210,446</u>	<u>516,212</u>	<u>28,010</u>	<u>463,186</u>	<u>6,903</u>	<u>228,559</u>
WOMEN'S ACTIVITY:						
10.0 Club	2,501	11,573	643	9,292		4,139
Courtside Club	9,534	6,860		1,448		14,946
Fast Break Club	9,749	14,306	9,500	5,059		9,496
Home Run Club	12,873	8,056		3,829	66	17,034
Inside Track Club (Friends of Minnesota)	11,439	16,082	2,500	14,486		10,535
Point U! Boosters	9,552	13,603		10,542	1,610	11,003
Power Play Club	6,544	12,641		9,916	346	8,923
Total women's activity	<u>62,192</u>	<u>83,121</u>	<u>12,643</u>	<u>54,572</u>	<u>2,022</u>	<u>76,076</u>
BOTH:						
Fast Lane Fans	<u>20,999</u>	<u>7,824</u>		<u>6,903</u>	<u>4</u>	<u>21,916</u>
TOTAL ACTIVITY	<u>\$293,637</u>	<u>\$607,157</u>	<u>\$40,653</u>	<u>\$524,661</u>	<u>\$8,929</u>	<u>\$326,551</u>

REPORT PACKAGE COVER PAGE

The purpose of this report cover is to identify each
Minnesota Office of Higher Education
Financial Aid Program covered by this report package

UNIVERSITY OF MINNESOTA

MINNEAPOLIS, MN

COMPLIANCE ATTESTATION EXAMINATION
OF MINNESOTA OFFICE OF HIGHER EDUCATION FINANCIAL AID PROGRAMS

UNIVERSITY OF MINNESOTA – CROOKSTON

- * Minnesota State Grant Program
- * Student Educational Loan Fund
- * Non-AFDC Child Care Grant Program
- * Minnesota State Work Study Program
- * Minnesota Indian Scholarship Program
 - * Minnesota GI Bill Program
- * Minnesota-North Dakota Reciprocity Program
- * Minnesota-South Dakota Reciprocity Program
- * Minnesota-Wisconsin Reciprocity Program
 - *Minnesota Dream Act

FOR THE STATE FISCAL YEAR ENDING JUNE 30, 2015

DELOITTE & TOUCHE LLP
Certified Public Accountants

AUDITOR INFORMATION SHEET

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Minnesota Office of Higher Education Programs Examined:

- *Minnesota State Grant Program
- *Student Educational Loan Fund
- *Non-AFDC Child Care Grant Program
- *Minnesota State Work Study Program
- *Minnesota Indian Scholarship Program
- *Minnesota GI Bill Program
- *Minnesota-North Dakota Reciprocity Program
- *Minnesota-South Dakota Reciprocity Program
- *Minnesota-Wisconsin Reciprocity Program
- *Minnesota Dream Act

Other campuses/locations considered as part of this entity and covered or excluded by this examination are:

- *University of Minnesota–Crookston

Institution's Primary Accrediting Organization: North Central Association of Schools and Colleges

Other Accrediting Organizations: Additional accrediting organizations available upon request

Records for the accounting and administration of the Minnesota Office of Higher Education Financial Aid Programs are located at (provide location): University of Minnesota – Crookston

INDEPENDENT AUDITOR'S REPORT ON MANAGEMENT'S ASSERTIONS ON COMPLIANCE WITH SPECIFIED REQUIREMENTS APPLICABLE TO THE MINNESOTA OFFICE OF HIGHER EDUCATION FINANCIAL AID PROGRAMS

We have examined management's assertions included in its representation letter dated January 25, 2016, that the University of Minnesota - Crookston (the "Crookston Campus") complied with Minnesota Statutes, rules and procedures governing its participation in the Minnesota Office of Higher Education (OHE) Financial Aid Programs during the year ended June 30, 2015. As discussed in that representation letter, management is responsible for the Crookston Campus' compliance with those requirements. Our responsibility is to express an opinion on management's assertions about the Crookston Campus's compliance based on our examination.

Our examination was made in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States; standards established by the American Institute of Certified Public Accountants; the Audit (Attestation) Guide, *Audits/Attestation Engagements of Federal Student Financial Assistance Programs*, issued by the U.S. Department of Education; Office of the Inspector General and the Minnesota Office of Higher Education Audit and Program Review Guide for Fiscal Year 2014-15 and accordingly, included examining, on a test basis using sample sizes prescribed by the OHE, evidence about the Crookston Campus' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Crookston Campus' compliance with specified requirements.

In our opinion, management's assertions that the Crookston Campus complied with the aforementioned requirements for the year ended June 30, 2015, are fairly stated, in all material respects.

This report is intended primarily for the information of the institution and the OHE. However, this report is a matter of public record and its distribution is not limited.

Deloitte & Touche LLP

January 25, 2016

Auditor's Comments
on the Resolution of Prior Audit Findings,
Recommendations and Questioned Costs

No findings, recommendations, or questioned costs were disclosed in the 2014 OHE auditor's report.

UNIVERSITY OF MINNESOTA - CROOKSTON

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015**

Program	Population	Sample	Instances of Material Noncompliance*	Questioned Costs
Minnesota State Grant Program	509**	3**	0	0
Student Educational Loan Fund	29	22	0	0
Non-AFDC Child Care Grant Program	4	4	0	0
Minnesota State Work Study Program	87	32	0	0
Minnesota Indian Scholarship Program	3	3	0	0
Minnesota GI Bill Program	4	4	0	0
Minnesota-North Dakota Reciprocity Program	92	5	0	0
Minnesota-South Dakota Reciprocity Program	11	5	0	0
Minnesota-Wisconsin Reciprocity Program	68	5	0	0
Minnesota Dream Act	1	1	0	0

* Material noncompliance is defined as any error greater than \$10,000 and all instances when a state statute or other law was found to have been violated.

** The Twin Cities campus is responsible for all functions of the MN State Grant for the Twin Cities, Rochester, Morris and Crookston campuses. The Twin Cities campus does the set-up/programming/equations, runs the batch packaging process, and posts awards for Crookston, Morris, and Twin Cities/Rochester students. Rochester operates under the Twin Cities campus for all financial aid purposes. Therefore, we looked at all 3 campuses in total for our examination purposes, however, the population and sample noted herein represents just the Crookston population and selected sample.

No examination findings or questioned costs were identified.

REPORT PACKAGE COVER PAGE

The purpose of this report cover is to identify each
Minnesota Office of Higher Education
Financial Aid Program covered by this report package

UNIVERSITY OF MINNESOTA

MINNEAPOLIS, MN

COMPLIANCE ATTESTATION EXAMINATION
OF MINNESOTA OFFICE OF HIGHER EDUCATION FINANCIAL AID PROGRAMS

UNIVERSITY OF MINNESOTA– MORRIS

- * Minnesota State Grant Program
- * Student Educational Loan Fund
- * Non-AFDC Child Care Grant Program
- * Minnesota State Work Study Program
- * Minnesota Indian Scholarship Program
 - * Minnesota GI Bill Program
- * Minnesota-South Dakota Reciprocity Program
- * Minnesota-Wisconsin Reciprocity Program
 - * Minnesota Dream Act

FOR THE STATE FISCAL YEAR ENDING JUNE 30, 2015

DELOITTE & TOUCHE LLP
Certified Public Accountants

AUDITOR INFORMATION SHEET

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Minnesota Office of Higher Education Programs Examined:

- *Minnesota State Grant Program
- *Student Educational Loan Fund
- *Non-AFDC Child Care Grant Program
- *Minnesota State Work Study Program
- *Minnesota Indian Scholarship Program
- *Minnesota GI Bill Program
- *Minnesota-South Dakota Reciprocity Program
- *Minnesota-Wisconsin Reciprocity Program
- *Minnesota Dream Act

Other campuses/locations considered as part of this entity and covered or excluded by this examination are:

- *University of Minnesota–Morris

Institution's Primary Accrediting Organization: North Central Association of Schools and Colleges

Other Accrediting Organizations: Additional accrediting organizations available upon request

Records for the accounting and administration of the Minnesota Office of Higher Education Financial Aid

Programs are located at (provide location): University of Minnesota – Morris

INDEPENDENT AUDITOR'S REPORT ON MANAGEMENT'S ASSERTIONS ON COMPLIANCE WITH SPECIFIED REQUIREMENTS APPLICABLE TO THE MINNESOTA OFFICE OF HIGHER EDUCATION FINANCIAL AID PROGRAMS

We have examined management's assertions included in its representation letter dated January 25, 2016, that the University of Minnesota - Morris (the "Morris Campus") complied with Minnesota Statutes, rules and procedures governing its participation in the Minnesota Office of Higher Education (OHE) Financial Aid Programs during the year ended June 30, 2015. As discussed in that representation letter, management is responsible for the Morris Campus' compliance with those requirements. Our responsibility is to express an opinion on management's assertions about the Morris Campus's compliance based on our examination.

Our examination was made in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States; standards established by the American Institute of Certified Public Accountants; the Audit (Attestation) Guide, *Audits/Attestation Engagements of Federal Student Financial Assistance Programs*, issued by the U.S. Department of Education; Office of the Inspector General and the Minnesota Office of Higher Education Audit and Program Review Guide for Fiscal Year 2014-15 and accordingly, included examining, on a test basis using sample sizes prescribed by the OHE, evidence about the Morris Campus' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Morris Campus' compliance with specified requirements.

In our opinion, management's assertions that the Morris Campus complied with the aforementioned requirements for the year ended June 30, 2015, are fairly stated, in all material respects.

This report is intended primarily for the information of the institution and the OHE. However, this report is a matter of public record and its distribution is not limited.

Deloitte & Touche LLP

January 25, 2016

Auditor's Comments
on the Resolution of Prior Audit Findings,
Recommendations and Questioned Costs

No findings, recommendations, or questioned costs were disclosed in the 2014 OHE auditor's report.

UNIVERSITY OF MINNESOTA - MORRIS

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015**

Program	Population	Sample	Instances of Material Noncompliance*	Questioned Costs
Minnesota State Grant Program	620**	4**	0	0
Student Educational Loan Fund	51	25	0	0
Non-AFDC Child Care Grant Program	1	1	0	0
Minnesota State Work Study Program	122	36	0	0
Minnesota Indian Scholarship Program	3	3	0	0
Minnesota GI Bill Program	1	1	0	0
Minnesota-South Dakota Reciprocity Program	7	5	0	0
Minnesota-Wisconsin Reciprocity Program	5	5	0	0
Minnesota Dream Act	2	2	0	0

* Material noncompliance is defined as any error greater than \$10,000 and all instances when a state statute or other law was found to have been violated.

** The Twin Cities campus is responsible for all functions of the MN State Grant for the Twin Cities, Rochester, Morris and Crookston campuses. The Twin Cities campus does the set-up/programming/equations, runs the batch packaging process, and posts awards for Crookston, Morris, and Twin Cities/Rochester students. Rochester operates under the Twin Cities campus for all financial aid purposes. Therefore, we looked at all 3 campuses in total for our examination purposes, however, the population and sample noted herein represents just the Morris population and selected sample.

No examination findings or questioned costs were identified.

REPORT PACKAGE COVER PAGE

The purpose of this report cover is to identify each
Minnesota Office of Higher Education
Financial Aid Program covered by this report package

UNIVERSITY OF MINNESOTA

MINNEAPOLIS, MN

COMPLIANCE ATTESTATION EXAMINATION
OF MINNESOTA OFFICE OF HIGHER EDUCATION FINANCIAL AID PROGRAMS

UNIVERSITY OF MINNESOTA – DULUTH

- * Minnesota State Grant Program
- * Student Educational Loan Fund
- * Non-AFDC Child Care Grant Program
- * Public Safety Officer's Survivor Grant Program
- * Minnesota State Work Study Program
- * Minnesota Indian Scholarship Program
 - * Minnesota GI Bill Program
- * Minnesota-North Dakota Reciprocity Program
- * Minnesota-South Dakota Reciprocity Program
- * Minnesota-Wisconsin Reciprocity Program
 - *Manitoba Reciprocity Program
 - *Minnesota Dream Act

FOR THE STATE FISCAL YEAR ENDING JUNE 30, 2015

DELOITTE & TOUCHE LLP
Certified Public Accountants

AUDITOR INFORMATION SHEET

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Minnesota Office of Higher Education Programs Examined:

- *Minnesota State Grant Program
- *Student Educational Loan Fund
- *Non-AFDC Child Care Grant Program
- *Public Safety Officer's Survivor Grant Program
- *Minnesota State Work Study Program
- *Minnesota Indian Scholarship Program
- *Minnesota GI Bill Program
- *Minnesota-North Dakota Reciprocity Program
- *Minnesota-South Dakota Reciprocity Program
- *Minnesota-Wisconsin Reciprocity Program
- *Manitoba Reciprocity Program
- *Minnesota Dream Act

Other campuses/locations considered as part of this entity and covered or excluded by this examination are:

- *University of Minnesota–Duluth

Institution's Primary Accrediting Organization: North Central Association of Schools and Colleges

Other Accrediting Organizations: Additional accrediting organizations available upon request

Records for the accounting and administration of the Minnesota Office of Higher Education Financial Aid

Programs are located at (provide location): University of Minnesota – Duluth



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INDEPENDENT AUDITOR’S REPORT ON MANAGEMENT’S ASSERTIONS ON COMPLIANCE WITH SPECIFIED REQUIREMENTS APPLICABLE TO THE MINNESOTA OFFICE OF HIGHER EDUCATION FINANCIAL AID PROGRAMS

We have examined management’s assertions included in its representation letter dated January 25, 2016, that the University of Minnesota – Duluth (the “Duluth Campus”) complied with Minnesota Statutes, rules and procedures governing its participation in the Minnesota Office of Higher Education (OHE) Financial Aid Programs during the year ended June 30, 2015. As discussed in that representation letter, management is responsible for the Duluth Campus’ compliance with those requirements. Our responsibility is to express an opinion on management’s assertions about the Duluth Campus’s compliance based on our examination.

Our examination was made in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States; standards established by the American Institute of Certified Public Accountants; the Audit (Attestation) Guide, *Audits/Attestation Engagements of Federal Student Financial Assistance Programs*, issued by the U.S. Department of Education; Office of the Inspector General and the Minnesota Office of Higher Education Audit and Program Review Guide for Fiscal Year 2014-15 and accordingly, included examining, on a test basis using sample sizes prescribed by the OHE, evidence about the Duluth Campus’ compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Duluth Campus’ compliance with specified requirements.

In our opinion, management’s assertions that the Duluth Campus complied with the aforementioned requirements for the year ended June 30, 2015, are fairly stated, in all material respects.

This report is intended primarily for the information of the institution and the OHE. However, this report is a matter of public record and its distribution is not limited.

January 25, 2016

Auditor's Comments
on the Resolution of Prior Audit Findings,
Recommendations and Questioned Costs

No findings, recommendations, or questioned costs were disclosed in the 2014 OHE auditor's report.

UNIVERSITY OF MINNESOTA - DULUTH

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015**

Program	Population	Sample	Instances of Material Noncompliance*	Questioned Costs
Minnesota State Grant Program	2,817	46	0	0
Student Educational Loan Fund	243	43	0	0
Non-AFDC Child Care Grant Program	4	4	0	0
Public Safety Officer's Survivor Grant Program	1	1	0	0
Minnesota State Work Study Program	401	44	0	0
Minnesota Indian Scholarship Program	37	28	0	0
Minnesota GI Bill Program	14	11	0	1**
Minnesota-North Dakota Reciprocity Program	66	5	0	0
Minnesota-South Dakota Reciprocity Program	20	5	0	0
Minnesota-Wisconsin Reciprocity Program	814	5	0	0
Manitoba Reciprocity Program	1	1	0	0
Minnesota Dream Act	3	3	0	0

* Material noncompliance is defined as any error greater than \$10,000 and all instances when a state statute or other law was found to have been violated.

Information on noncompliance findings

** Minnesota Statute 197.791, Subdivision 4(a)(3)(iv) requires that the person receiving the educational assistance has applied for educational assistance under this section prior to the end of the academic term for which assistance is being requested. Deloitte & Touche, LLP, (D&T) identified a finding in which one student whose Minnesota GI Bill application was dated January 30, 2015, received Minnesota GI Bill aid during the Fall 2014 semester in which the student was not eligible. Total overpayment was \$1,000. In accordance with the Minnesota Financial Aid Programs Audit Guide, D&T recommends the University of Minnesota - Duluth reimburse the Minnesota Office of Higher Education for the total overpayment. On January 13, 2016, the University of Minnesota - Duluth campus cancelled the Fall 2014 GI Bill award for the student. The University of Minnesota - Duluth is in the process of returning the money to the Minnesota Office of Higher Education.

Corrective Action Plan

Audit Firm: Deloitte & Touche LLP

Audit Period: Financial Aid Award Year 2014-2015

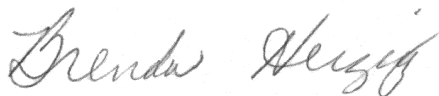
The University of Minnesota Duluth concurs with the audit finding regarding the incorrect payment of Minnesota G.I. Bill grant funds to the student.

The University has reversed the incorrect payment of Minnesota G.I. Bill grant funds on 1/13/2016, and issued a refund request to the business office to reimburse the Office of Higher Education for those funds. Campus funds were used to offset the incorrect payment to the student so that no financial harm was done to the Veteran.

The University has completed a thorough review of all pertinent program guidelines as outlined in the Minnesota Office of Higher Education Financial Aid Manual to ensure that awarding a Minnesota G.I. Bill grant, if the application is not received by the last day of attendance of that term, will not happen again.

Fields have also been added to the University's internal processing worksheet for Minnesota G.I. Bill that will list the term ending dates for the individual semesters (positioned next to the field listing the Minnesota G.I. Bill application date). This will ensure that the processor is aware if an application was dated after the end of a semester and no award will be made.

There have been no findings for the Minnesota G. I. Bill program in any prior year.



Brenda Herzig
Director of Financial Aid
University of Minnesota Duluth

REPORT PACKAGE COVER PAGE

The purpose of this report cover is to identify each
Minnesota Office of Higher Education
Financial Aid Program covered by this report package

UNIVERSITY OF MINNESOTA

MINNEAPOLIS, MN

COMPLIANCE ATTESTATION EXAMINATION
OF MINNESOTA OFFICE OF HIGHER EDUCATION FINANCIAL AID PROGRAMS

UNIVERSITY OF MINNESOTA –TWIN CITIES
UNIVERSITY OF MINNESOTA –ROCHESTER

- * Minnesota State Grant Program
- * Student Educational Loan Fund
- * Non-AFDC Child Care Grant Program
- * Minnesota State Work Study Program
- * Minnesota Indian Scholarship Program
 - * Minnesota GI Bill Program
- * Minnesota-North Dakota Reciprocity Program
- * Minnesota-South Dakota Reciprocity Program
- * Minnesota-Wisconsin Reciprocity Program
 - *Manitoba Reciprocity Program
 - *Minnesota Dream Act

FOR THE STATE FISCAL YEAR ENDING JUNE 30, 2015

DELOITTE & TOUCHE LLP
Certified Public Accountants

AUDITOR INFORMATION SHEET

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100 CHURCH STREET SE
220 MORRILL HALL
MINNEAPOLIS, MN 55455

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Michael Volna,
Associate Vice President of Finance and Controller

LEAD AUDITOR: Katie Knudtson
FIRM'S NAME: Deloitte & Touche, LLP
ADDRESS 50 South Sixth Street, Suite 2800
Minneapolis, MN 55402

TEL. NO. +1 612 397-4000
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Minnesota Office of Higher Education Programs Examined:

- *Minnesota State Grant Program
- *Student Educational Loan Fund
- *Non-AFDC Child Care Grant Program
- *Minnesota State Work Study Program
- *Minnesota Indian Scholarship Program
- *Minnesota GI Bill Program
- *Minnesota-North Dakota Reciprocity Program
- *Minnesota-South Dakota Reciprocity Program
- *Minnesota-Wisconsin Reciprocity Program
- *Manitoba Reciprocity Program
- *Minnesota Dream Act

Other campuses/locations considered as part of this entity and covered or excluded by this examination are:

- *University of Minnesota–Twin Cities
- *University of Minnesota–Rochester

Institution's Primary Accrediting Organization: North Central Association of Schools and Colleges

Other Accrediting Organizations: Additional accrediting organizations available upon request

Records for the accounting and administration of the Minnesota Office of Higher Education Financial Aid Programs are located at (provide location): University of Minnesota – Twin Cities

INDEPENDENT AUDITOR'S REPORT ON MANAGEMENT'S ASSERTIONS ON COMPLIANCE WITH SPECIFIED REQUIREMENTS APPLICABLE TO THE MINNESOTA OFFICE OF HIGHER EDUCATION FINANCIAL AID PROGRAMS

We have examined management's assertions included in its representation letter dated January 25, 2016, that the University of Minnesota – Twin Cities (the "Twin Cities Campus") complied with Minnesota Statutes, rules and procedures governing its participation in the Minnesota Office of Higher Education (OHE) Financial Aid Programs during the year ended June 30, 2015. As discussed in that representation letter, management is responsible for the Twin Cities Campus' compliance with those requirements. Our responsibility is to express an opinion on management's assertions about the Twin Cities Campus's compliance based on our examination.

Our examination was made in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States; standards established by the American Institute of Certified Public Accountants; the Audit (Attestation) Guide, *Audits/Attestation Engagements of Federal Student Financial Assistance Programs*, issued by the U.S. Department of Education; Office of the Inspector General and the Minnesota Office of Higher Education Audit and Program Review Guide for Fiscal Year 2014-15 and accordingly, included examining, on a test basis using sample sizes prescribed by the OHE, evidence about the Twin Cities Campus' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Twin Cities Campus' compliance with specified requirements.

In our opinion, management's assertions that the Twin Cities Campus complied with the aforementioned requirements for the year ended June 30, 2015, are fairly stated, in all material respects.

This report is intended primarily for the information of the institution and the OHE. However, this report is a matter of public record and its distribution is not limited.

Deloitte & Touche LLP

January 25, 2016

Auditor's Comments
on the Resolution of Prior Audit Findings,
Recommendations and Questioned Costs

No findings, recommendations, or questioned costs were disclosed in the 2014 OHE auditor's report.

UNIVERSITY OF MINNESOTA - TWIN CITIES

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015**

Program	Population	Sample	Instances of Material Noncompliance*	Questioned Costs
Minnesota State Grant Program	7,069**	39**	0	0
Student Educational Loan Fund	996	43	0	0
Non-AFDC Child Care Grant Program	37	28	0	0
Minnesota State Work Study Program	1,787	47	0	0
Minnesota Indian Scholarship Program	28	21	0	0
Minnesota GI Bill Program	60	30	0	0
Minnesota-North Dakota Reciprocity Program	367	5	0	0
Minnesota-South Dakota Reciprocity Program	417	5	0	0
Minnesota-Wisconsin Reciprocity Program	4,163	5	0	0
Manitoba Reciprocity Program	19	5	0	0
Minnesota Dream Act	33	25	0	0

* Material noncompliance is defined as any error greater than \$10,000 and all instances when a state statute or other law was found to have been violated.

** The Twin Cities campus is responsible for all functions of the MN State Grant for the Twin Cities, Rochester, Morris and Crookston campuses. The Twin Cities campus does the set-up/programming/equations, runs the batch packaging process, and posts awards for Crookston, Morris, and Twin Cities/Rochester students. Rochester operates under the Twin Cities campus for all financial aid purposes. Therefore, we looked at all 3 campuses in total for our examination purposes, however, the population and sample noted herein represents just the Twin Cities population and selected sample.

No examination findings or questioned costs were identified.



BOARD OF REGENTS DOCKET ITEM SUMMARY

Audit & Compliance

February 11, 2016

AGENDA ITEM: Update on Implementation of the Human Research Protection Program Work Plan

Review Review + Action Action Discussion

This is a report required by Board policy.

PRESENTERS: Brian Herman, Vice President for Research
Paul Mattessich, Executive Director of Wilder Research and Chair of the
Community Oversight Board

PURPOSE & KEY POINTS

The purpose of this item is to discuss progress made since the December 2015 report to the committee on the resolution passed in June 2015 related to the Human Research Protection Program work plan implementation.

In general, the implementation remains on schedule. Work teams have added additional stakeholders, and consulted their work broadly to ensure engagement and adoption of the changes.

Significant progress has been made since the December 2015 meeting, including:

- HRPP began the first phase of implementing an electronic institutional review board (eIRB). The eIRB, when fully implemented, will speed up reviews for researchers, add capacity, and ensure proper documentation.
- The Clinical and Translational Science Institute (CTSI) continued its evaluation of the Department of Psychiatry and has begun a gap analysis and curriculum design plan for human participation research training and education at the University in collaboration with the Office of the Vice President for Research, IRB, and Center for Bioethics.
- Consultation of changes to the Conflict of Interest policy continues. This policy will be voted on at the April 2016 University Faculty Senate meeting.
- Planning is underway to make the conference "Research with Human Participants" (reported on at the December committee meeting) an annual event.
- The Scientific Review submitted its final report. Departmental review will be discontinued and a process will be created in the Human Research Protection Program (HRPP) for this review, eliminating real or perceived conflict.
- Recruitment for the Community Oversight Board was completed and the first meeting scheduled for February. The board is diverse, with members representing health care providers, patient advocates, the State of Minnesota, the University, and the non-profit community.

BACKGROUND INFORMATION

On February 23, 2015, an external review panel issued a report containing 63 recommendations for improving the human subjects protection program at the University. The language of that report was strong in its statement that while the current program is in many respects adequate, the University must make changes if it wishes to have a leading program in human subjects protection. The external panel's report is [available here](#).

On March 12, 2015, President Kaler charged Brian Herman, Vice President for Research, and Brooks Jackson, Vice President for Health Sciences, with oversight of the implementation of the recommendations of an external review panel by establishing an Implementation Team (Team) of internal and external individuals with the qualifications and expertise to review the recommendations and develop a plan to implement them. At its March 2015 meeting, the Board approved immediate and longer-term action plans to implement the recommendations.

The Team was chaired by Dr. William Tremaine, Professor of Medicine, Mayo Clinic and Director, Mayo Clinic IRB. During the time of the Team's work, two additional reports were made available: 1) a May 5, 2015 draft report from the Office of the Legislative Auditor, which presented findings from all industry-sponsored studies at the University from 2004-2014; and 2) *Final IRB Investigation Report Into Fairview Concerns Regarding Psychiatry Research Studies at the University of Minnesota*, referred to as the "Oakes report." Team members considered the information from these reports in their recommendations. Report #2 above is publically available on the Advancing Human Subjects Research website.

The Team submitted a draft report to President Kaler on May 15, 2015. This report was made available for public comment on May 18, 2015; the comment period closed on June 1, 2015.

The report recommended significant and disruptive changes to the University's human participant research protection program. These changes are intended to cultivate a culture of ethics, ensuring the primacy of the University and each investigator's duty to keep the well-being of patients who become research participants at the center of policies and procedures, while ensuring the institution's commitment to clinical research and the faculty.

The key components of the report were:

- Cultivating a culture of ethics
- Strengthening Institutional Review Board (IRB) membership and review process
- Scientific review
- Post-approval monitoring
- For-cause investigation
- Research with subjects who have impaired or fluctuating capacity to consent
- Department of Psychiatry
- Engaging research subjects
- Education and training of investigators
- Accounting metrics
- Managing Conflicts of Interest
- Community Oversight Board
- External advisor
- Required resources

The Team received over 60 comments to the draft report. The comments reflected concerns about undue burden and the proposed policy change regarding Conflict of Interest; suggestions for community engagement; concerns about changes to scientific review; and questions about the applicability to the Social and Behavioral IRB. The final report reflects those submissions.

At its June 2015 meeting, the Board reviewed and discussed the final work plan's key recommendations and passed a resolution endorsing the final work plan. The Board also stated it would take an active role in providing ongoing oversight and monitoring of these activities by receiving regular progress reports through its Audit Committee at each of the committee's meetings until the work plan has been fully implemented. Those progress reports are online at the [Advancing HRP website](#).

At its September 2015 meeting, the Audit & Compliance Committee received an update about several recommendations from the external review and implementation plan that had been addressed and reported to the Regents and the Legislature over the summer. Those items included:

- Establishment of the Fairview University Research Oversight Committee (FUROC)
- Retaining an external advisor (Dr. David Strauss) from the external advisory panel to assess progress on the original recommendations
- Outsourcing review of Psychiatry clinical trials
- Hiring Compass Point to randomly review 100 psychiatric trials
- IRB meeting changes: quorum, number of meetings, number of protocol reviews per meeting
- Policy change: 72-hour hold practice

The December 2015 Audit & Compliance Committee meeting included updates from Vice President for Research Brian Herman; Professor Steve Miles; and Lynn Zentner, Director of the Office of Internal Compliance.

Continued monthly reporting to the Legislature included updates about:

- Status of IRB Membership, Research Compliance Office and For Cause Investigations final deliverables including review by David Strauss, external reviewer for the implementation.
- Development of four medical IRB rosters and nominees to serve.
- Updates about a more stringent Conflict of Interest policy and broad consultation of the changes.
- A national conference on December 2, 2015, hosted by the University's Consortium on Law and Values entitled "Research with Human Participants."
- Research Compliance Office structure and operations that became effective on October 2, 2015.
- Appointment of a new Community Oversight Board chair, Paul Mattessich.
- Development of new coursework by the Center for Bioethics that includes standards for research with human participants and the hiring of a new education and outreach specialist for researchers and IRB member training and communications.

Advance HRP Implementation

FEBRUARY 2016 Progress Report

Work plan Section	Status	Lead	Scope
IRB Membership	✓	Billings, Biros	Recruit membership
			Form new committees; restructure biomedical; target membership to accurately reflect protocol submission
			Set compensation structure and policy for medical and nonmedical IRBs
FUROC	✓	Herman	U establish committee jointly with Fairview
For Cause Investigations	✓	Webb	Establish Research Compliance Office (RCO)
		Waldemar	Transition For Cause Investigations to RCO; establish more robust procedures specific to complainant and SAE reporting
Community Oversight Board	✓	Herman	Establish board structure and guidelines
			Finalize membership; appoint chair
			Invite members
External Advisor	✓	Herman	Hire external advisor (external review panel member); 2015 AAHRPP Accreditation; Compass Point compliance review.
Scientific Review of Studies	✓	Billings, Biros	Eliminate department reviews
			Define a new IRB process and policy in consultation with other required reviews e.g. CTSI
Cultivating a Culture of Ethics	○	Aronson, Zentner, Wolf	Create language explaining the University's commitment to research participant protection
			Clear statements on HRPP, IRB, OVPR and AHC websites
			Host a campus conversation or other forum on human research participant protection
			Regular benchmark our program against our peers
IRB Protocol Review Process	○	Dykhuus	Implement new eIRB technology – IRB Renew
			Implement Huron Toolkit IRB forms and procedures
			Add new FTEs
			Complete benchmarking visits
Monitoring of Studies	○	Dykhuus	New FTEs
			Reengineer PAR function; Includes work with Compass Point to further refine methodology.
Human Research Participants Who Have Impaired or Fluctuating Capacity to Consent	○	Miles	Implement tool to assess capacity
	○		Train and communicate change to researchers
	○	Dykuis	Implement LAR policy changes
	✓		Implement 72-hour hold policy
Department of Psychiatry	○	Paller	Transition to CTSI management of trials
			Engage consultant for climate assessment, plan

Engaging Research Participants	○	Eder	Create a research participant satisfaction survey and a plan to collect and analyze data
			Revise IRB forms to include a section expressing appreciation and a plan for sharing research results
			Create and publicize mechanisms for participants and families to provide confidential feedback and report concerns, develop a small handout
			Create and publicize procedures for handling concerns and for notifying reporter when they have been handled
			Create position of Community Liaison officer
			Create link to Community Oversight Board
Education and Training of Investigators	○	Ingbar, Schacker	Integrate and coordinate HRPP training
			Curriculum development
			Training delivery
Accountability Metrics	○	Waldemar	Track and report accountability metrics
Conflict of Interest	○	Durfee	Implement updated COI policy

√= Completed

○= In Progress

= Not Started

For more details see about the work scope and alignment with the external review panel recommendations, see Advance HRP Website:

<http://research.umn.edu/advancehrp/index.html>



BOARD OF REGENTS DOCKET ITEM SUMMARY

Audit & Compliance

February 11, 2016

AGENDA ITEM: Update on Implementation of Intercollegiate Athletics Recommendations

Review **Review + Action** **Action** **Discussion**

This is a report required by Board policy.

PRESENTERS: President Eric W. Kaler
 Katrice Albert, Vice President, Equity and Diversity
 Kathryn Brown, Vice President, Human Resources
 Richard Pfutzenreuter, Vice President and Chief Financial Officer

PURPOSE & KEY POINTS

The purpose of this item is to provide an update on the implementation of recommendations from the external review and internal audit of Intercollegiate Athletics on the Twin Cities campus. The external review and the internal audit were completed and presented to the Board of Regents in December 2015. After the Board’s review, President Kaler charged Vice Presidents Katrice Albert, Kathy Brown and Richard Pfutzenreuter with implementing the recommendations of the two reports.

Albert is leading a work group in developing an implementation plan for the recommendations related to the Office of Equal Opportunity and Affirmative Action and policies associated with that work. This implementation plan is aligned with the work currently underway to implement the University’s resolution agreement with the Office of Civil Rights. The implementation plan also considers whether any of recommendations should be implemented beyond Gopher Athletics by the entire University.

Brown is leading the development of a search plan for the next Director of Athletics based on the findings and recommendations of the external review. Included in the proposed search plan are recommendations regarding use of a search firm; size and composition of the search committee; and the interviewing/vetting process. Brown is also working with Pfutzenreuter to review options, including peer best practices, to develop a recommendation for whether any changes should be made in the reporting line of the Gopher Athletics CFO.

Pfutzenreuter is chairing a joint financial oversight committee for Gopher Athletics and working with the department to ensure that appropriate financial controls are in place; ensure that policies and procedures are understood and adhered to by department personnel; strengthen the culture of financial compliance through training and education; and strengthen processes and procedures related to the procurement of alcohol for events and related hospitality.

BACKGROUND INFORMATION

Karen G. Schanfield and Joseph T. Dixon from the law firm of Fredrikson & Byron P.A. conducted the external review of matters related to Gopher Athletics. An Oversight Committee provided insight regarding questions of scope and ensured access to the people and resources needed to complete a thorough and timely review. The Oversight Committee consisted of Regent Laura Brod, chair; Regent Abdul Omari; General Counsel William Donohue; Dean Jean Quam, College of Education and Human Development; and Distinguished McKnight Professor Christopher Uggen, Department of Sociology.

The internal audit of financial management practices within Intercollegiate Athletics on the Twin Cities campus, specifically related to expenses incurred and/or authorized by senior department officials from 2012-2015, was conducted by the Office of Internal Audit under the leadership of Associate Vice President Gail Klatt.

Update on Implementation of Intercollegiate Athletics Recommendations

Audit & Compliance
February 11, 2016



UNIVERSITY OF MINNESOTA

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Twin Cities Intercollegiate Athletics: External Review

- External Reviewers:
 - Karen G. Schanfield and Joseph T. Dixon from Fredrikson & Byron P.A.
- Oversight Committee:
 - Regent Laura Brod, chair; Regent Abdul Omari; William Donohue, General Counsel; Jean Quam, Dean, College of Education and Human Development; and Christopher Uggen, Distinguished McKnight Professor, Department of Sociology
- Completed and presented to the Board of Regents in December 2015

Twin Cities Intercollegiate Athletics: Internal Audit

- Conducted by the Office of Internal Audit
- Audited financial management practices related to expenses incurred and/or authorized by senior department officials from 2012-2015
- Presented to the Board of Regents by Associate Vice President Gail Klatt in December 2015

Schanfield / Dixon Recommendations

- Four relate to sexual harassment procedures and practices within Intercollegiate Athletics:
 - Training and resources
 - Reporting and handling allegations
 - Monitoring and auditing
 - University policies
- One regards the hiring and vetting of Athletics Directors

Implementation

- To implement Schanfield/Dixon recommendations, President Kaler charged the following:
 - Vice President Albert to develop an implementation plan for recommendations related to the Office of Equal Opportunity and Affirmative Action
 - Vice President Brown to develop a plan related to the Athletics Director search and recommend appropriate discipline or reporting line changes
 - Vice President Pfutzenreuter to chair Gopher Athletics financial oversight committee

Vice President Albert Recommendations Related to EOAA

#1 – Continue in-person sexual harassment training; formalize a policy requiring annual training for all personnel.

#4 – Adopt a policy mandating reporting to EOAA when supervisors and advisors believe there has been a violation of the sexual harassment policy involving students.

Vice President Albert

Recommendations Related to EOAA

#5 – Maintain generic timeframes for investigating sexual harassment reports; notify reporters more frequently during an investigation.

#11 – Formally track the outcome and implementation, or failure to implement recommendations following an investigation.

Vice President Brown Gopher Athletics Director Search Process



Phase 1: LAUNCH	Phase 2: RECRUIT	Phase 3: EVALUATE	Phase 4: SELECT
<ul style="list-style-type: none"> • Determine search strategy and timeline • Draft job description with qualifications, competencies and characteristics critical for success • Seek nominations, identify potential search committee chair(s) and members (7-12) and confirm willingness to serve • Determine use of search firm, clarify roles and responsibilities, and confirm contract • Send announcement to the University community/media re: the search, anticipated timeline and committee membership • Convene search committee to deliver formal charge, seek input on the position description, and discuss the search process (Meeting 1) • Finalize the position description, incorporating input from search committee and other key stakeholders 	<ul style="list-style-type: none"> • Advertise position in targeted and diverse publications • Share position description with the University community, encouraging outreach to colleagues and seeking nominations and applications for the position • Search firm collects and follows up on nominations and engages in candidate sourcing and recruiting efforts • Check-in between search firm and search committee midway through recruiting phase to discuss the quality and diversity of pool to date (Meeting 2) • Continue to source and recruit potential candidates until position is filled 	<ul style="list-style-type: none"> • Convene search committee to assess candidate pool and select candidates to invite to off-campus confidential interviews (Meeting 3) • Develop interview questions based on desired qualifications, competencies and characteristics • Convene search committee to conduct confidential interviews and identify candidates who should move forward in the search process (Meeting 4) • Conduct assessments, on-list references, and background checks on selected candidates and share summary with search committee (Meeting 5) • Recommend unranked finalist(s) to the hiring authority, including strengths and weaknesses • Announce finalist(s) to University community/media and conduct on-campus public interviews with broad base of stakeholders 	<ul style="list-style-type: none"> • Collect and share feedback from the public interview process and referencing with hiring authority and search committee chair(s) • Offer position to the selected candidate, negotiate terms, and confirm appointment • Announce new Athletics Director to the University community/media • Bring new Athletics Director appointment to the Board of Regents for approval • Onboard new Athletics Director to the position and University

Vice President Brown

Reporting Line of Athletics CFO

Recommendation: The Athletics CFO should continue as a direct report to the Director, Intercollegiate Athletics, with a dotted line to the University's Vice President and Chief Financial Officer

Additional Steps:

- Cross-functional financial oversight group for intercollegiate athletics continue its work on the status of financial controls, policy compliance and culture of compliance work undertaken in intercollegiate athletics for one year after the hire of an athletic director
- Create an administrative policy that requires all University financial officers sign an annual financial certification
- Involve the University's CFO in all decisions to discipline or involuntarily separate a campus, college or unit financial manager as an additional layer of protection against fear of retaliation and to encourage compliance reporting

Vice President Pfitzenreuter Financial Oversight Committee Focus

- Strengthen the culture of compliance; emphasize “tone at the top”
- Ensure that appropriate controls are in place
- Ensure financial policies and procedures are understood and adhered to by Athletics staff
- Focus on high-risk policies and activities
 - Travel, hospitality expenses, employee reimbursements
 - Purchasing and p-card usage
 - Contract management

Vice President Pfutzenreuter

Key Committee Activities

- Conducted risk-based review of Athletics Department's internal financial policies and procedures for travel, employee reimbursements, hospitality
- Strengthened Athletics finance staff's role in financial review and approval processes
- Reviewed and approved a communication to all Intercollegiate Athletics staff, emphasizing key financial management policies
- Discussed a "certification" concept for all University chief financial managers, including Athletics finance staff, to strengthen the dotted line reporting relationships
- Approved the implementation of new financial software for Athletics Department, to assist with NCAA-specific budgeting and reporting

Vice President Pfutzenreuter

On-going Activities and Next Steps

- Continue to review Athletics' financial policies
 - Address pain points
 - Align with University policy
- Begin risk-based review of Athletics' internal control procedures
- Develop and deliver education and training to department staff
- Develop and roll out certification process
- Evaluate other areas noted in financial audit:
 - Purchasing
 - Purchasing card
 - Contract management
- Implement new budgeting / reporting tool

Update on Implementation of Intercollegiate Athletics Recommendations

Audit & Compliance
February 11, 2016



UNIVERSITY OF MINNESOTA

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BOARD OF REGENTS DOCKET ITEM SUMMARY

Audit & Compliance

February 11, 2016

AGENDA ITEM: Compliance Program Review Preliminary Recommendations

Review

Review + Action

Action

Discussion

This is a report required by Board policy.

PRESENTERS: Gail Klatt, Associate Vice President, Internal Audit
Amy Phenix, Chief of Staff to the President

PURPOSE & KEY POINTS

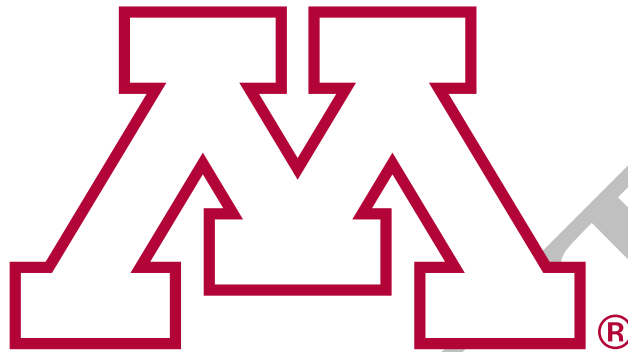
The purpose of this item is to discuss the results of a review of the organization and structure of the University’s compliance program.

In August 2015, President Kaler charged a small work group to review the compliance program’s organization and structure and to make recommendations for possible improvements. The work group’s preliminary report is included in the docket.

The committee expressed an interest in discussing the review and its results, and President Kaler seeks the committee’s input before finalizing the recommendations. The review’s charge and methodology will be briefly reviewed, followed by a discussion of the recommendations.

BACKGROUND INFORMATION

Building an Effective Compliance Program (November 2015), a publication from the National Association of College and University Attorneys in collaboration with the Association of Governing Boards of Universities and Colleges (AGB), is included in the docket.



Institutional Compliance Function Review: Preliminary work group report and recommendations

Submitted to President Eric W. Kaler by:

Gail Klatt, Associate Vice President, Internal Audits

Bill Donohue, General Counsel

Amy Phenix, Chief of Staff

January 25, 2016

EXECUTIVE SUMMARY

Following a charge from President Eric W. Kaler, a small work group convened to develop recommendations regarding the structure and function of the Office of Institutional Compliance (OIC) at the University of Minnesota.

Members of the work group included Chief of Staff Amy Phenix, General Counsel Bill Donohue and Associate Vice President of Internal Audits Gail Klatt. Director of Compliance Lynn Zentner provided staff support and subject matter expertise for the review.

Between August and December, 2015, the work group reviewed OIC current operations and identified best practices from within and outside of higher education through interviews with senior University leaders and external experts and practitioners.

RECOMMENDATIONS

The work group generally found many practices within OIC to be effective and reflective of those found in other strong compliance programs nationally. However, to further strengthen the program, the work group recommends the following:

Reporting and Authority

- The compliance officer should continue to report to the President, which is the best way to assure that compliance obligations are part of the tone at the top.
- Continue to provide the Chief Compliance Officer access to the Board of Regents through biannual engagement with the Audit and Compliance Committee.
- Add an annual meeting between the Chief Compliance Officer and the Chair of the Board and Chair of the Audit and Compliance Committee.
- To enhance the organizational stature of the compliance officer, the title of the position should be changed from Director to Chief Compliance Officer.
- Eliminate the dotted line reporting relationship of the OIC to the General Counsel.
- Add the Chief Compliance Officer to the President's Senior Leadership Team.
- The senior leaders most engaged in institutional compliance oversight—the Chief Compliance Officer, the General Counsel, the Internal Auditor, the VP for Human Resources, and the Equal Opportunity and Affirmative Action Officer—should hold scheduled meetings where compliance issues, trends, vulnerabilities are shared, strategies discussed, and accountability for action assigned.

University Ethics Programming

- We recommend that the University establish a new Ethics Program within the OIC, which will be tasked with reinforcing an ethical culture by creating new programming components and leading their implementation.
- Consider creating an Ethics Advisory Committee to include members of the University's faculty who are engaged in ethics research, teaching, and/or outreach to help inform and advise the administration on addressing ethical considerations.

Executive Oversight and Responsibility

- While the Chief Compliance Officer is afforded the opportunity to engage with the President on a regularly scheduled basis, additional attention should be paid to identifying and leveraging opportunities for the President and his executive leadership team to communicate, demonstrate, and model desirable "tone at the top" expectations and behaviors.
- Build compliance-related performance measures into the University's performance management system at all levels to help enhance executive oversight and responsibility.
- Assign oversight responsibility for tracking and supporting compliance training to the compliance office.
- Establish a practice of program reviews of each compliance area carried out by OIC staff on a rolling basis.

Decentralization

- Maintain the "compliance partner" structure but strengthen accountability between the OIC and compliance partners by creating Memorandums of Understanding that explicitly outline the roles, responsibilities, and expectations of the parties.

Staffing and Resources

- Provide OIC with the resources necessary to implement the recommendations related to creating a formal Ethics Program, creating a compliance training governance and oversight program, and establishing a practice of program reviews by the OIC.

Organizational Placement of the Conflict of Interest Program.

- Maintain the reporting relationship of the Conflict of Interest Program within the OIC.

In summary, we largely have an effective compliance structure. However, the work group recommends steps to strengthen our ethical culture, better track compliance training, clarify roles and accountability, and elevate the Compliance Director's role.

THE CHARGE

In August 2015 President Eric W. Kaler charged a work group (Appendix A) with developing recommendations on the structure and organization of the Office of Institutional Compliance at the University of Minnesota.

The review was prompted by the increasing complexity of the compliance environment within which the University operates and recent recommendations to create additional structures to promote an ethical culture. Subsequent to President Kaler's charge, Lynn Zentner, the director of the Office of Institutional Compliance, announced she would retire on June 30, 2016, creating additional momentum for this review.

Specifically, President Kaler requested the work group consider the following:

- Review compliance models at peer institutions to identify other approaches that the University may want to adopt
- Gather input from key campus leaders and stakeholders, including the Board of Regents and faculty governance leaders about both our current compliance structure and proposed recommendations for change
- Identify the most effective reporting line for the compliance function
- Review the staffing and resource needs, including considering whether our decentralized approach is a best practice and the most practical for the University
- Review effective executive oversight and responsibility for compliance activities
- Advise whether our Conflict of Interest program should be separated from the Compliance Office and, if so, recommend an alternative management structure for that function
- Provide recommendations for creating greater accountability for promoting an ethical culture, strengthening that culture across the University system, addressing unethical behavior when it occurs, and defining the role of senior leaders in advancing an ethical culture
- Develop recommendations for indices the University could adopt to assess the extent to which we have successfully promoted an ethical culture.

To further shape the scope of the review, the work group met with three members of the Board of Regents: Regent Richard Beeson, Regent Laura Brod and Regent Patricia Simmons. While we had a wide-ranging and informative discussion about the compliance program, specific to the review scope, the Regents suggested that the review:

- Focus on effectiveness. This might include identifying the attributes of an effective compliance function, desired outcomes, how to judge the quality of such a program, and how the Board can be confident the program is effective.

- Focus on the compliance structure and reporting. This might include identifying whether the oversight and operational functions are appropriately balanced, whether appropriate reporting structures exist and determining how to promote sound governance.

President Kaler's charge requested a report by November 15, 2015. However, the work group requested an extension to accommodate its desire for significant benchmarking and other research that was not completed in time to meet the original deadline.

BACKGROUND

The Office of Institutional Compliance (OIC) was established in 2002 and was one of the first formal programs among the University's peer institutions. Internally and externally it has long been regarded as a program that reflects the best practices in the field and is innovative among its peers.

The OIC reports to the Office of the President through the Chief of Staff. OIC includes four University programs:

- 1) the Compliance Program
- 2) the Conflict of Interest Program
- 3) the Policy Program
- 4) the President's Delegations Program

The OIC has a staff of nine individuals who comprise 8.5 FTEs. A staff listing and organizational chart is at Appendix B. There is significant synergy between OIC's four programs and each of them is high functioning. A summary of each program within OIC follows.

The Compliance Program

The University's Compliance Program is decentralized and operates through a partnership with "compliance partners" who represent approximately 30 compliance risk areas and provide the linkages for the identification and resolution of compliance-related matters (Appendix C). Compliance partners are compliance professionals within Vice Presidential reporting units who are responsible for addressing compliance matters that fall within their scope of expertise. The Compliance Program is structured to have oversight, rather than operational, responsibility. The Compliance Program has 1.5 FTEs.

The OIC requires each compliance partner to submit once or twice annually a report summarizing identified legal risks and the efforts undertaken to manage or eliminate those risks. This process facilitates the identification and management of risks and trends, and helps resolve issues that might otherwise expose the University to liability for failure to comply with applicable local, state, and federal laws and regulations. It also focuses on compliance with University policies to

ensure consistency in the implementation and application of these policies. In addition, this process is used to report on new or revised local, state or federal laws that apply to the University as well as new and/or revised compliance-related training and education initiatives.

OIC manages a confidential reporting service, UReport, which provides the University community with an avenue through which to report, anonymously if desired, violations or suspected violations of law or University policies. OIC is responsible for assigning investigators to the reports and may investigate unique allegations in certain circumstances. The Director regularly reports UReport statistics and trends to the Board of Regents. Approximately 130 reports are received through UReport annually.

OIC also sponsors, supports, and/or participates on both standing and ad hoc compliance-related committees including the HIPAA Steering Committee, the International Programs Council, three Conflict of Interest Committees, the Policy Advisory Committee, the Compliance Partner Group, two committees that are currently addressing the recommendations of the Human Participant Research Implementation Team, a work group convened to address the results and recommendations of a recent HIPAA Security Risk Assessment, and a committee representing Big Ten institutions that meets monthly to address current conflict of interest issues. OIC also represents the University on various committees to address compliance and policy-related issues locally and nationally.

The Director of Compliance staffs the Executive Oversight Compliance Committee which is charged by the President (Appendix D) to provide recommendations on compliance issues. The members of the EOCC include:

- Dean of the Medical School and Vice President for Health Sciences
- General Counsel
- Internal Auditor
- Vice President for Research
- Vice President for Human Resources
- Vice President for University Services
- Associate Vice President for Equity and Diversity
- Vice President for Information Services
- Chief of Staff

The Conflict of Interest Program

The University has had individual and institutional conflict of interest policies and procedures for many years. The Board of Regents individual conflict of interest policy was adopted in 1994, and an administrative policy and related procedures were adopted in 2005. The Board of Regents institutional conflict of interest policy was adopted in 2005, and the administrative policy and procedures were adopted in 2006.

For a number of years, the Conflict of Interest Program (COI) resided within the Office of the Vice President for Research. In 2008 the Program was moved to the OIC. The Conflict of Interest Program is the only compliance area for which OIC has operational, rather than oversight, responsibility.

Through the OIC, the University evaluates and manages conflicts that arise within the context of research, teaching, clinical health care, purchasing and outreach. The University is fairly unique in having all conflicts of interest managed through one central office. Many institutions of higher education have COI responsibility shared among multiple offices. The University's Conflict of Interest Program has 3 FTEs.

The President's Delegations Program

The OIC has had responsibility for managing the President's delegations since 2009. In 2011, a policy was adopted to define program terms, roles and responsibilities of delegators, and how delegations should be tracked. Each vice presidential unit has a delegations coordinator to track delegations and ensure they are up-to-date. The delegations program has .2 FTE.

The University Policy Office

The University Policy Office (UPO) supports policy owners, the President's Policy Committee (PPC), and responsible University officers throughout the lifecycle of an administrative policy, which includes the initiation, development, and implementation of new and/or revised policies and the subsequent maintenance of them. The UPO maintains a University-wide Policy Library that is one of the most comprehensive nationally. The UPO's director is an active member of the Association of Colleges and University Policy Administrators and frequently speaks at professional conferences and other universities. The UPO has 2.5 FTEs.

METHODOLOGY

The work group completed research to identify the components of successful compliance programs and benchmarked those against our current program structure and institutional needs and capacity.

In addition to providing input on the scope of the review, the three Regents who met with the workgroup provided input on their perceptions of the strengths and weakness of the current compliance structure and articulated Board interests in compliance.

Senior Leader Interviews

The work group interviewed each of the senior leaders who have significant compliance responsibilities in their portfolios:

- Senior Vice President and Provost
- Dean of the Medical School and Vice President for Health Sciences
- Vice President for Research

- Vice President and Chief Financial Officer
- Vice President for Human Resources
- Vice President for Information Technology
- Vice President for Equity and Diversity
- Vice President for University Services

In some cases the senior leader brought the primary compliance partner to the interview. That person typically has more day-to-day interaction with the Compliance Office.

The interviews focused on strengths and weaknesses of the current compliance program, the components of effective programs that leaders have experienced elsewhere, their recommendations on the appropriate reporting line and relationship with governance, the balance between oversight and operations within OIC, and the OIC's role in training, ethics and values. The interview questionnaire is Appendix E.

Generally, senior leaders agree that the current structure of the Compliance Program and reporting line are appropriate. They feel that the compliance partner program is effective for aligning oversight and responsibility. They believe the Compliance Program should remain largely focused on oversight and should not have operational responsibilities, such as conducting investigations. As the responsible officers for compliance in their areas, senior leaders believe that it is important for the compliance partners to continue to report to them (as opposed to the Compliance Office), and that investigations and training continue to be done locally where the subject matter expertise resides.

While OIC works closely with compliance partners and makes numerous offers of assistance, senior leaders would like to develop new approaches to encourage more collaboration with OIC. They also support OIC having a formal role supporting compliance training and promoting an ethical culture. They understand and support the Board of Regents responsibility and interest in providing compliance oversight, but do not support a direct reporting line to the Board, as much of the work is administrative and operational, not governance or strategic.

Following is a more detailed summary of themes that emerged.

What works and opportunities for improvement

Senior leaders generally feel the OIC is well-run with competent staff and an appropriate structure. However, most senior leaders feel OIC could do more to act as a resource for compliance partners and collaborate with units.

Compliance partner model

Senior leaders generally support the compliance partner program. It both assures broad subject matter expertise and provides senior leaders with appropriate

authority for resolving compliance issues. Leaders feel that the program needs to be structured to recognize unique compliance requirements and local needs. Some offered ideas for further strengthening the compliance partner program, for example by training compliance partners on the policy process and following up when there is a compliance failure.

Oversight focus versus operational focus

Leaders unanimously believe the compliance function should remain an oversight function, not an operational one. To that end, they do not support having compliance partners report directly to the OIC. Many noted that many compliance partners have job responsibilities that go beyond compliance activities, making it impractical for them to report on compliance issues to a different office. More importantly, the senior leaders see compliance functions as their responsibility and an important part of their operating unit for which they should be held accountable.

Training and ethics programming

Senior leaders support broadening the scope of the OIC to include program support for compliance training functions, such as tracking employee compliance training completion, providing general compliance, code of conduct and ethics training and providing input on the quality of training provided in the units. Creating a compliance training program similar to the Policy Program within OIC would have strong support.

Senior leaders also generally agree that OIC should be given greater responsibility for programming and communications activities to reinforce a strong ethical culture. They believe that additional ethics and culture programming related to promoting institutional values and expectations is essential.

Reporting line

Most leaders support the current reporting line to the Office of the President, stating that it provides access to decision-making and resources to ensure compliance activities are prioritized and well-supported. One individual felt compliance should report to Office of General Counsel or the Internal Audit Department.

Review of External Compliance Programs

To inform its recommendations, the work group interviewed compliance officers at seven other public and private higher education institutions within and outside of the Big Ten. Compliance officers at two Minnesota corporations and the Mayo Clinic were also interviewed. The organizations included in these interviews are listed in Appendix F.

These structured interviews addressed the following, specific to the University's Compliance Program:

- The structure and governance of the organization's compliance program
- The degree to which the compliance program is centralized or decentralized

- The activities/responsibilities assigned to the compliance program
- Measures used to evaluate program quality
- Attributes that contribute to the program's success
- The existence of formal institutional ethics programs.

Three attributes were consistently identified as having a critical impact on the compliance program's success:

- The relationships throughout the organization built by staff within the compliance office, and the resulting support for the program
- The active support and engagement of the President or CEO
- Conducting in-depth compliance program reviews. Compliance officers who conduct these reviews perceive this "service line" activity to provide the greatest institutional value of all the compliance office's initiatives. These reviews were described as being "proactive" and done in a collaborative manner with the responsible compliance partner.

Many institutions have assigned to the compliance office direct operational responsibility for a wide range of compliance areas. In most cases this was done to address identified deficiencies in high-risk compliance areas or following a major compliance failure (e.g. Ohio State following issues within intercollegiate athletics or Penn State following child sexual abuse). Some compliance officers indicated that the intent was for a short-term move of operational functions to improve the programs and then transfer them back to other areas of the institution. The compliance functional areas that have been assigned to compliance offices at other institutions is listed in Appendix G.

Given the scope, structure and staffing of the OIC, and to maintain clear lines of compliance responsibility to senior leaders, the work group does not recommend this model. Currently, if additional attention is needed to improve a compliance area at the University, the appropriate Vice President is charged with making the necessary improvement(s) and the OIC is available for program review, advice and counsel.

The reporting line for operational personnel with primary compliance responsibilities varies among the institutions, but most often, similar to the structure here at the University, there is no formal reporting relationship between these employees and the Compliance Office. In a few instances there is a functional and/or a dotted-line reporting relationship.

One institution has established formal Memorandums of Understanding between the Compliance Office and the compliance "partners" which explicitly outline the respective roles, responsibilities, and expectations of the parties. This may be a valuable practice to introduce in our program to clarify roles and accountability (see recommendations below).

Most of the institutions are just beginning to think about establishing metrics to measure the effectiveness of the compliance program. For the few that do have metrics in place, like us, most focus on confidential report line usage and outcomes and results of institutional employee surveys.

Virtually all of the compliance programs associated with our interviews have responsibility for overseeing and administering compliance training throughout the institution, including the learning management systems which support this effort. Some programs are directly involved in providing training, mostly in the area of ethics and the institution's Code of Conduct, and general compliance training. Those offices that have direct operational responsibilities for specific compliance risk areas provide training in those areas as well. The remainder track and monitor the completion of required training by employees and provide some oversight of training quality. Most institutions have established a formal process for designating training as mandatory with a variety of governance models utilized. Some have also set specific institutional expectations for the completion of mandatory training and routinely report on this.

Staffing of compliance offices varies considerably at peer institutions, ranging from 1.3 FTEs to more than 20. The size of the compliance office staff is directly related to the number of operational compliance functions the compliance office has, as well as their involvement in conducting investigations. Comparatively, the University's Compliance Office has 8.5 FTEs (nine individuals) to carry out its assigned responsibilities for compliance oversight and the University's policy, delegations and conflict of interest programs.

The administrative reporting lines for the institutional compliance officers vary, with most reporting to the President. The General Counsel is also a common reporting line. Most compliance officers are not included on the executive leadership team. All of the compliance officers indicated that they had direct access to the President and several meet with the President on a regularly scheduled basis. All compliance officers regularly report to the Audit Committee of their governance board. All but one compliance officer has a reporting line to the Audit Committee. One institution has a direct reporting line to the Audit Committee, all of the others have a dotted line.

Many compliance officers identify building and maintaining strong relationship with leaders across their institutions as very important to the success of their programs. The majority of compliance officers have established schedules of monthly meetings with key stakeholders to share information and compliance trends within the institution, emerging issues, etc. Most often these are group meetings involving the Compliance Officer, the General Counsel, Auditor, Human Resources, and EOAA. All felt these created stronger partnerships and collaboration among those units most involved in advancing a culture of ethical behavior and compliance within the institution. This is another best practice the University may want to adopt (see recommendations).

The degree to which the compliance officer is involved in investigations varies widely. Some have almost no involvement and others have a number of staff dedicated to this work. Some of the variation is directly related to state law requirements. Like the OIC, most compliance offices at peer institutions triage allegations and assign them to the most appropriate area for follow up.

All of the institutions interviewed have formal ethics programs with responsibility for these programs assigned to the Compliance Office.

Professional education

Finally, two work group members attended the National Association of College and University Attorney's two-day conference in November 2015: University and College Compliance Programs. There, they spoke with many compliance and other University leaders from across the nation about effective program structures.

Model program criteria

Finally, the work group reviewed the components of effective compliance programs, as described in literature and through federal guidance (e.g. Federal Sentencing Guidelines):

1. Risk assessment
2. Responsible parties and roles
3. Standards and procedures
4. Program oversight
5. Education and training
6. Lines of communication
7. Monitoring and auditing
8. Enforcement
9. Corrective action/programmatic response

The University's compliance program was developed based on these components and continues to reflect them in its operations. Any recommendations for change should enhance these components within OIC.

RECOMMENDATIONS

Based on our research including interviews with senior leaders, benchmarking against peer institutions and corporations, a literature review and the components of effective compliance programs, the work group recommends the following in response to the issues identified in President Kaler's charge.

1. Reporting Line. The University's Compliance Officer should continue to report to the President. This is the most common model today among our peer institutions. Reporting to the President emphasizes the importance of compliance to the University community. It is, in fact, the best way to assure that the tone at the top is compliance oriented.

We recommend enhancing the organizational stature of the Compliance Officer to underscore the institution's commitment to compliance and to also enhance that person's stature with the senior leaders who manage compliance risk areas. Thus we recommend that the title of the position be changed from "Director of the Office of Institutional Compliance" to "Chief Compliance Officer". This title is commonly used at other higher education institutions.

The dotted-line reporting relationship to the General Counsel should be eliminated. We have found that it creates confusion and does not add value. To ensure the timely flow of information and the alignment of compliance practices, we recommend that the senior leaders most engaged in institutional compliance oversight – the Chief Compliance Officer, the General Counsel, the Internal Auditor, the VP for Human Resources, and the Equal Opportunity and Affirmative Action Officer hold regularly scheduled meetings to discuss compliance issues, trends, vulnerabilities, and strategies and assign accountability for action.

We recommend that the Chief Compliance Officer continue to have access to the Board of Regents through a biannual report to the Audit and Compliance Committee. We also recommend adding an annual meeting between the Chair of the Board, the Chair of the Audit and Compliance Committee and the Chief Compliance Officer.

2. Decentralization. Compliance continues to be highly decentralized in higher education, and we do not recommend any changes to our current organizational structure of compliance partner reporting relationships. Our compliance partner model works well and has been implemented by many of the other schools interviewed. While several institutions have assigned the compliance office operational responsibilities – and thus have direct reporting lines to compliance operating personnel – this is not a model we advocate pursuing at the University.

We recommend strengthening accountability with compliance partners by creating Memorandums of Understanding that explicitly outline the roles, responsibilities and expectations of the parties. These documents would be co-signed by the respective Vice Presidents along with the compliance partner. This could further the intent to have these relationships be viewed and function as collegial partnerships among all of the parties involved.

3. Staffing and Resources. Staffing of compliance offices across higher education varies significantly and is highly correlated to whether the office has operational responsibilities. Our OIC is operationally responsible for the Conflict of Interest program and three of its eight staff are currently devoted to this work. We identified no institutional interest or external best practices that would prompt us to recommend assigning any additional operational responsibilities to the Compliance Office.

However, if our recommendations to establish a formal Ethics Program, create a compliance training governance and oversight program and implement compliance

program reviews (see below) are implemented, additional resources for OIC will most likely be needed.

4. Executive Oversight and Responsibility. The engagement and support of the CEO/President was specifically identified in our external interviews as one of the most critical factors for the success of any compliance program. In addition to the reporting line of OIC being to the Office of the President, the compliance officer should have the opportunity to engage with the President on a regularly scheduled basis or as issues arise, which is our current practice.

We recommend that additional attention be paid to identifying and leveraging opportunities for the President and his senior leadership team to communicate, demonstrate, and model desirable “tone at the top” expectations and behaviors.

Building compliance-related performance measures into the University’s performance management system at all levels would also help enhance executive oversight and responsibility.

Executive oversight could also be improved by formally assigning oversight responsibility for tracking and supporting compliance training to the compliance office. This would include:

- Selecting, implementing, and administering a learning management system that allows the University to tie and track required training to individual positions
- Creating a training governance model (similar to our current policy program model) that would be used to establish curriculum requirements, designate training as mandatory, and set institutional expectations for training completion
- Partnering to create a curriculum using courses and content developed and designed by compliance partners/subject matter experts
- Providing expertise with regard to effective adult learning and training methods, outsourcing, curriculum development, etc.
- Developing and enhancing training related to ethics and the University’s code of conduct (see below)
- Monitoring training compliance among employees.

Finally, one of the practices identified as a critical success factor by other institutions is to conduct program reviews by compliance office staff of specific compliance program areas. At other institutions, executive compliance committees are often involved in the selection of the specific compliance programs to be reviewed. This engagement gives these leaders more in-depth knowledge of compliance activities. Such program reviews were cited by the compliance officers at peer institutions as being proactive and done in close collaboration and partnership with the operating compliance partners/personnel. We recommend establishing a similar program of these reviews and charging the EOCC with

developing the structure and guidelines of the program in partnership with the Chief Compliance Officer.

5. Organizational Placement of the Conflict of Interest Program. Regarding the reporting line for the Conflict of Interest Program (COI), practices among institutions vary greatly and there is no ideal model.

COI is the only operational activity in the Compliance Office, which can create some confusion about whether the compliance function is focused on oversight or on operations. However, the current COI program is effective, routinely achieving 100% participation on external activity reports and managing a process for assessing conflicts and developing and managing conflict management plans.

OIC gathered information on 14 institutions¹ to assess where responsibility for conflict of interest disclosure and management typically lies. There is substantial variation among these institutions. For example, at some institutions, the Office of the Vice President for Research (VPR) manages research conflicts, while the School of Medicine manages health care-related conflicts. At some institutions the Purchasing Office manages purchasing-related conflicts. At some the Provost has responsibility for conflict of interest reporting. One institution manages all conflicts of interest through its Office of the Vice President for Ethics and Compliance, except for research conflicts, which are managed by the Vice President for Research. One institution manages all potential conflicts at the collegiate level. At another, the General Counsel addresses institutional conflicts.

The work group concludes that, given the breadth of the University's conflicts of interest, managing them through one office provides efficiencies and the benefit of consistency. In addition, managing conflicts through an office, such as OIC, that is not affected by the outcome of a review mitigates the potential for bias in the conduct of the program.

The work group considered moving COI to the VPR. However, we believe such a move increases the risk that non-research related COIs, including institutional COIs, could be neglected. As well, having the VPR review research conflicts creates a potential conflict.

If the President decides to move the COI program out of OIC, we recommend it be required that the Chief Compliance Officer be a member of each COI review panel.

¹ University of Chicago, the University of Illinois at Urbana-Champaign, Indiana University, the University of Iowa, the University of Maryland, the University of Michigan, Michigan State University, the University of Nebraska-Lincoln, Northwestern University, Ohio State University, Penn State University, Purdue University, Rutgers University, and the University of Wisconsin

6. Ethics Programming. The University is an outlier among its peers in not having any formal institutional programming around ethics.

We recommend that an Ethics Program be established and that the Office of Institutional Compliance be tasked with creating the program components and managing their implementation. The most important components are:

- Promoting appropriate “tone at the top” and emphasizing ethics as part of leadership nomenclature
- Adding ethics and values training to New Employee Orientation
- Adding ethics and values training to new manager training
- Including ethics and values as part of employee performance reviews by creating a new section on the performance appraisal form related to the University’s Code of Conduct and values
- Creating an “Ethics Discipline Review Committee” to establish escalation criteria.

Additionally, consideration could be given to the creation of an Ethics Advisory Committee to include members of the University’s faculty who are engaged in ethics research, teaching, and/or outreach. This committee would help inform and advise the administration on addressing ethical considerations.

Evaluating the results of each of the components above would provide both quantitative and qualitative data to inform leadership on the state of the University’s ethical culture. To provide additional quantitative data to guide ethics programming, the University should reinstitute three questions related to ethics in to the employee survey: Have you observed misconduct? Did you report the misconduct? (If “yes”, to whom?) Do you feel comfortable reporting concerns?

In summary, we largely have an effective compliance structure. However, the work group recommends steps outlined above to strengthen support for compliance partners, clarify roles and accountability, elevate the role of the director of compliance, enhance efforts to create an ethical culture and better track compliance training.

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- Appendix B: Office of Institutional Compliance Organizational Chart
- Appendix C: List of University of Minnesota Compliance Partners
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- Appendix F: University and private sector compliance leaders interviewed
- Appendix G: Compliance responsibilities assigned to the Compliance Office at other institutions

DRAFT


UNIVERSITY OF MINNESOTA

Office of the President

202 Morrill Hall
100 Church Street S.E.
Minneapolis, MN 55455-0110

August 18, 2015

TO: Bill Donohue, General Counsel
Gail Klatt, Internal Auditor
Amy Phenix, Chief of Staff

FROM: Eric W. Kaler, President 

RE: Compliance function design review

As you know, the University increasingly works in a complex and high profile compliance environment. Also, recently an external panel reviewing our human research protection program recommended additional structures to promote an ethical culture. With these considerations in mind, I am charging you with leading an assessment of our current compliance structure and making recommendations for realigning or restructuring it to achieve greater effectiveness and visibility on both compliance and ethics-related activities.

Specifically, I'd ask that you:

- Review compliance models at peer institutions to identify other approaches that the University may want to adopt;
- Gather input from key campus leaders and stakeholders, including the Board of Regents and faculty governance leaders, about both our current compliance structure and proposed recommendations for change;
- Identify the most effective reporting line for the compliance function;
- Review the staffing and resource needs, including considering whether our decentralized approach is a best practice and the most practical for the University;
- Review effective executive oversight and responsibility for compliance activities;
- Advise whether our Conflict of Interest program should be separated from the Compliance Office and, if so, recommend an alternative management structure for that function;
- Provide recommendations for creating greater accountability for promoting an ethical culture, strengthening that culture across the University system, addressing unethical behavior when it occurs, and defining the role of senior leaders in advancing an ethical culture; and

Appendix A continued

- Develop recommendations for indices the University could adopt to assess the extent to which we have successfully promoted an ethical culture.

Lynn Zentner, director of compliance, is an important partner of yours in this work and I encourage you to draw on her expertise and knowledge of trends nationally.

I request that your recommendations be completed by November 15, 2015 for my review.

EWK:kl

cc: Katrice Albert, vice president, Equity and Diversity
Kathy Brown, vice president, Human Resources
Karen Hanson, senior vice president & provost, Academic Affairs
Brian Herman, vice president, Research
Brooks Jackson, dean & vice president, Medical School and Health Sciences
Richard Pfitzenreuter, vice president & CFO, Budget and Finance
Brian Steeves, executive director, Board of Regents
Scott Studham, vice president & CIO, Information Technology
Pam Wheelock, vice president, University Services
Lynn Zentner, director, Compliance

Office of Institutional Compliance Organizational Chart



DR

University of Minnesota Compliance partners

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

DRAFT

Executive Oversight Compliance Committee Charter

(Last revised: August 18, 2011)

Purpose

The Executive Oversight Compliance Committee (EOCC) will oversee the University's compliance activities and programs to ensure they are reasonably designed, implemented, enforced and generally effective in preventing and detecting violations of the law. The committee will further take or recommend such actions as are necessary to promote an organizational culture that encourages a commitment to compliance and ethical conduct.

Responsibilities

The Committee members will be knowledgeable about the content and operation of the University's compliance and ethics programs. The Committee will further exercise reasonable oversight over the implementation and effectiveness of these programs, including:

- Assuring that individuals with operational responsibility conduct regular ongoing risk assessment; regularly reviewing these risk assessments; and recommending and assuring that appropriate steps are taken to design, implement, or modify compliance activities to reduce the compliance risks identified by risk assessments.
- Assuring that compliance roles and responsibilities are clearly established across the University system and that due care is taken in delegation of substantial authority.
- Assuring that the University implements standards of conduct, policies, procedures and internal control systems reasonably capable of reducing misconduct.
- Exercising reasonable oversight over compliance activities. The Director of Institutional Compliance will report to the Committee twice annually using information gathered from the Compliance Partner network. The report will identify risk areas of significance and include recommendations for appropriate follow up and corrective actions for the Committee to consider.
- Assuring that the Office of Institutional Compliance has adequate resources, authority, and competencies to carry out its responsibilities
- Assuring that the Office of Institutional Compliance, in concert with the Compliance Partners, effectively communicates the University's compliance standards, procedures and expectations through education and training programs, publications, and other appropriate means.
- Assuring that the Office of Institutional Compliance has taken reasonable steps to achieve compliance with laws, policies, and procedures throughout the University through the use of reasonably designed auditing and monitoring systems as well as periodic evaluation of the compliance program's effectiveness.
- Assuring the University, through the Office of Institutional Compliance, maintains an effective mechanism for employees and agents to report or seek guidance regarding potential or actual wrongdoing, including mechanisms to allow for anonymous reporting, and appropriate safeguards to protect against potential retaliation.

Appendix D continued

- Assuring that compliance is promoted and enforced consistently through management's use of current policies, including holding employees accountable for violations; further assuring that appropriate actions are taken to prevent similar offenses, including making any necessary modifications to the compliance program.
- Assuring that the Director, Office of Institutional Compliance, regularly reports to the Board of Regents Audit Committee on the implementation and effectiveness of the compliance program.
- Taking such other actions, or making such other recommendations, as are necessary to promote an ethical organizational culture.

Membership

The membership of the EOCC will consist of members of senior management selected by the University's President, and other persons as deemed appropriate².

The membership will include:

- Vice President for Human Resources
- Vice President for Research
- Vice President for University Services
- Vice President for Health Sciences and Dean of the Medical School
- Vice President for Equity and Diversity
- General Counsel
- University Auditor
- Director of Institutional Compliance

Operations

The Committee will meet at least quarterly and at such other times as it elects. The Director of Institutional Compliance will provide administrative support to the Committee, as well as serving as a member. The Committee may delegate compliance activities to other committees or persons as it deems appropriate.

² As of 2012, the membership also includes the Chief of Staff and Chief Information Officer

Appendix E

**Compliance Function Review
Senior Leader Interview Questions**

- 1) What works well currently?
- 2) What would you change about the current model?
- 3) Have you experienced an effective compliance function in another organization? If so, what were the elements/characteristics that made it effective?
- 4) Where do you think the program should report?
- 5) What is the right relationship to the Board/governance? (note: the Board of Regents has changed the name of the Audit Committee to Audit and Compliance reflected their high interest in compliance oversight. Please consider this in your response)
- 6) Should the program be more operational or more focused on oversight?
- 7) Should the program be more involved in training? What is the role of the OIC in training across units and compliance areas?
- 8) Should the OIC role be expanded to have an explicit responsibility for ethics (programming, messaging, reporting, investigating)?
- 9) Are there compliance risk areas that should report to the Compliance Office? If so, which ones and why?
- 10) Should the Compliance Program have responsibility for conducting investigations? If so, to what extent?
- 11) Other considerations/observations?

Appendix F

University and Private Sector Compliance Leaders Interviewed

Duke University	Medtronic
Indiana University	Cargill
Pennsylvania State University	Mayo Clinic
The Ohio State University	
University of California	
University of Illinois	
University of Texas at Austin	

Appendix G

Operational Responsibilities Assigned to Compliance Offices at Other Institutions:

- American with Disabilities Act
- Clery Act
- Conflict of Interest
- HIPAA
- Information Security
- Privacy
- Public Records/Data Practices
- Title IX
- Violence Against Women Act
- Youth Protection

Compliance Program Review: Preliminary Recommendations

Board of Regents Audit and Compliance Committee
Gail Klatt, Associate Vice President, Internal Audits
Amy Phenix, Chief of Staff

February 11, 2016



UNIVERSITY OF MINNESOTA

Driven to DiscoverSM

President's Goal

- Ensure the University's Compliance Program is appropriately structured and reflects best practice
- Strengthen the Compliance Program if necessary
- Improve ethics visibility within the University



Methodology

- Benchmarking with other research universities and corporate entities
- Interviews with University senior leaders and other stakeholders
- Discussion with members of the Board of Regents
- Comparison of practices with the Federal Sentencing Guidelines



Major Recommendations

- Establish a formal institutional ethics program within OIC
- Create a program to inventory and monitor employee compliance training requirements
- Begin periodic in-depth program reviews of compliance areas using either internal or external subject matter experts



Major Recommendations

- Enhance the organizational stature of the Chief Compliance Officer through:
 - Continuing the OIC reporting line to the Office of the President
 - Eliminating OIC's dotted-line report to the General Counsel
 - Changing the compliance leader's title from Director to Chief Compliance Officer
 - Including the Compliance Officer on the Senior Leadership Team
 - Enhancing information sharing among leaders



Major Recommendations

- Enhance the Chief Compliance Officer's access to and engagement with the Board of Regents
 - Continue semi-annual reporting to the Audit and Compliance Committee
 - Provide for an annual meeting between the Chief Compliance Officer, the Chair of the Board of Regents and the Chair of the Audit and Compliance Committee



Major Recommendations

- Maintain the “Compliance Partner” program and strengthen accountability by introducing Memorandums of Understanding
- Build compliance-related measures into University performance management
- Maintain the Conflict of Interest program within OIC
- Continue to base the compliance program on the nine core components articulated in the Federal Sentencing Guidelines



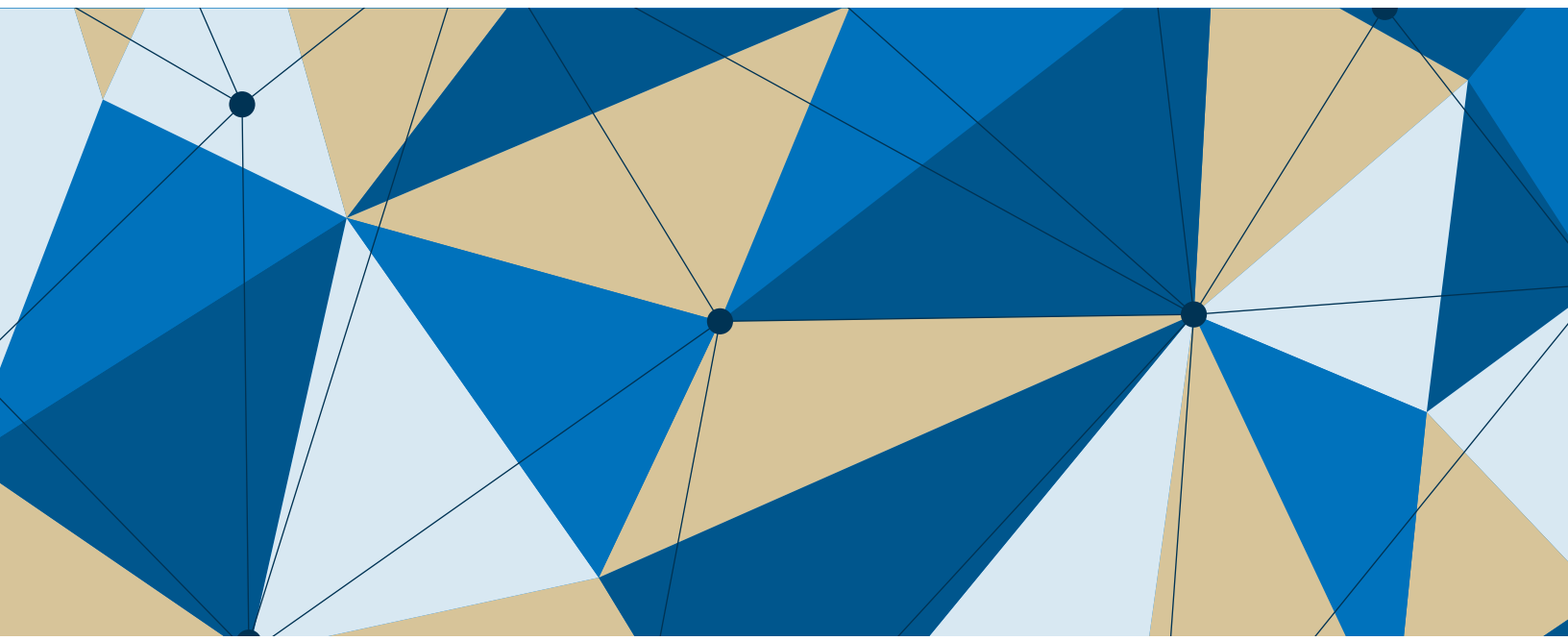
Preliminary Recommendations

- Audit and Compliance Committee
 - Feedback
 - Reactions
 - Questions



Building an Effective Compliance Program:

AN INTRODUCTORY GUIDE



Published in collaboration with the American Council on Education, the Association of Governing Boards of Universities and Colleges, the National Association of College and University Business Officers and the National Association of Independent Colleges and Universities



NACUA would like to thank all of the authors for not only taking the time to provide excellent content but also for reviewing and providing comments on the publication as a whole. Thanks are also due to the following additional reviewers: Susan Hattan, Senior Consultant, National Association of Independent Colleges and Universities; Anne Hickey, Director, Government Relations, American Council on Education; Richard Legon, President, Association of Governing Boards of Universities and Colleges; Patricia McGuire, President, Trinity Washington University; Charles Robinson, General Counsel and Vice President, University of California; John Walda, President and Chief Executive Officer, National Association of College and University Business Officers; and Sonali Wilson, General Counsel, Cleveland State University. Finally, a special thanks to Francine Tilewick Bazluke, General Counsel, University of Vermont, for her valuable input and assistance throughout.

The views expressed herein are to be attributed to the author and not to the National Association of College and University Attorneys. This publication is intended for general informational purposes only and does not constitute legal advice. An attorney should be consulted regarding the specific facts and circumstances associated with any legal matter or case.

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Executive Summary

This publication provides leaders of higher education institutions concise guidance on how to understand, develop, sustain, and assess compliance programs. It reflects the knowledge and expertise of some of the top higher education attorneys in this area.

[Chapter 1](#) answers foundational questions about compliance programs. It defines compliance and explains the primary objectives, risks, and essential components of an effective compliance program.

[Chapter 2](#) offers guidance on selecting the appropriate compliance model for your institution. It explains the different types of models — ranging from decentralized to formal compliance programs — and examines the benefits and challenges of each.

[Chapter 3](#) drills down further into how to establish and sustain a compliance program. [Part 1](#) looks at what other institutions are doing by summarizing the results of NACUA's 2013 compliance survey of more than 200 chief legal officers, including:

- Although less than one-third of surveyed institutions reported they have fully implemented compliance functions, a startlingly high percentage — an additional 40 percent — are in the process of developing a compliance office; and
- Unlike in the corporate, for-profit structure, there is a lack of consensus on best practices.

[Part 2](#) discusses steps that colleges and universities with a more decentralized approach can take to ensure that they are building an effective compliance program, and [Part 3](#) discusses compliance considerations unique to research institutions.

[Chapter 4](#) looks ahead to future compliance trends. It discusses the results of a small survey of NACUA compliance experts on their thoughts about top compliance trends in the next three to five years. Expected future trends include:

- Increased regulation and oversight of higher education;
- Increasingly centralized compliance functions and a change in the role of general counsel; and
- Greater emphasis in the areas of sexual misconduct and campus safety, conflicts of interest, and international activities (including student study away).

The Appendices offer additional material for those looking for more background and other resources. [Appendix A](#) provides guidance questions to assist presidents/chancellors, their boards, and other leaders in higher education in selecting and evaluating the various compliance models discussed in Chapter 2. [Appendix B](#) is a primer on the history of regulation — including the major areas of higher education regulation and how they came to be — and the history of compliance programs. Finally, [Appendix C](#) provides a list of additional reading material and resources on both compliance and enterprise risk management.

Introduction

The National Association of College and University Attorneys (NACUA) ¹ is pleased to provide this publication as a resource to the higher education community as it addresses the myriad compliance issues that loom large at colleges and universities. As the scope and complexity of governmental regulation of our nation's colleges and universities has grown dramatically over time, so too has NACUA and its members' desire to act in the best interests of their campus communities by promoting awareness of and compliance with regulatory requirements. Our hope is that this publication will provide a short and easily understood guide that will aid key campus leaders in their efforts to get their arms around the development and maintenance of a comprehensive compliance function.

We are especially pleased to have the co-sponsorship of our colleague associations — the American Council on Education (ACE), Association of Governing Boards of Universities and Colleges (AGB), National Association of College and University Business Officers (NACUBO), and National Association of Independent Colleges and Universities (NAICU) — all of which devote a great deal of attention to compliance matters. We know from prior collaboration with these and other higher education associations that NACUA members are not alone in seeing compliance as the top concern their institutions face. With the help of 30 associations representing a broad-cross section of higher education interests, NACUA launched the [Higher Education Compliance Alliance](#) in 2012 to provide the higher education community with a centralized repository of information and resources for compliance with federal laws and regulations.

This NACUA publication reflects the knowledge and experience of some of the best higher education attorneys in America, and their collaboration addresses higher education's most pressing issue in a well-organized and understandable way. We hope you find it useful and informative.

Jerry Blakemore, Vice President and General Counsel, Northern Illinois University; 2012-2014 Chair of the NACUA Advisory Group on Compliance Issues

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Kathleen Curry Santora, President and Chief Executive Officer, NACUA

¹ NACUA seeks to advance the effective practice of higher education attorneys for the benefit of the colleges and universities they serve. NACUA's membership includes more than 750 institutions, including more than 1800 campuses and more than 4200 attorneys. NACUA and its member volunteers help member attorneys provide high quality and responsive legal services and information to institutions of higher education; deliver services that allow member attorneys to provide effective counsel to colleges and universities; support a learning environment for professional development of its member attorneys and help them to maintain the highest professional and ethical standards; and work to improve the understanding of legal issues and to enhance the role of NACUA and its member attorneys in the higher education community.

Foreword

Jonathan Alger, President, James Madison University

Higher education today is subject to an array of compliance obligations that come from many different directions. As these responsibilities have increased, compliance has become a major area of concern that keeps college and university presidents and chancellors up at night — not unlike the reaction of institutional counsel. This is in no small part due to the risks to colleges and universities that flow from inadequate compliance. The risks of violating — or being accused of violating — federal requirements include both monetary harm (defense costs, possible fines and penalties, damages, and threats to future funding) and significant reputational harm.

Given these risks, the topic of compliance can seem daunting and even overwhelming. The good news is that each institution does not have to reinvent the wheel. In this publication, NACUA has drawn from various models in higher education to provide clear and concise guidance on how to understand, develop, sustain, and assess compliance programs. This resource should help institutional leaders identify and ask the right questions on an ongoing basis, and keep the topic and our institutional responses fresh in everyone's mind.

There is no one single "best" model for all institutions of higher education — institutions with different types of missions and programs must assess and prioritize their particular risks and needs. Nor can perfection be the goal, since risk is inherent in any institution doing cutting-edge teaching and research. Instead, the goal should be to adopt an environment in which ethical conduct and decision making are expected and rewarded.

To achieve such a goal, however, the tone from the top matters. Even as "administrative" costs come under more and more scrutiny, institutional leaders must make the case to various stakeholders (both internally and externally) that spending a certain amount of human and financial resources on compliance is essential to the health and sustenance of the academic mission. Compliance must be recognized as an integral part of effective educational programs and activities (not a separate or optional "add-on"), and thus planned for and budgeted accordingly.

Chapter 1: Compliance: What Is It? Why Is It Important?

Robert Roach, Vice President and Chief Global Compliance Officer, New York University

A. WHAT IS COMPLIANCE?

Compliance is a systematic approach to governance designed to ensure that an institution meets its obligations under all applicable laws, regulations, best practices and standards, contractual obligations, and institutional policies. In simple terms, compliance seeks to achieve accountability and transparency in all institutional operations.

B. WHY IS EVERYONE TALKING ABOUT COMPLIANCE?

Nowadays, federal, state, and local regulations address every aspect of university operations. These requirements are voluminous and constantly changing. For example, over the last decade, every year the federal government has published more than 75,000 pages of new and updated regulations in the Federal Register. State and local governments also engage in legislative, regulatory, and enforcement activities that directly affect universities. Unfortunately, federal and state regulatory activities are not always coordinated or consistent, as the recent "State Authorization" requirements for universities suggest.

In addition to government regulations, universities must also adhere to a growing list of best practices, voluntary codes, and industry standards issued by self-regulating organizations as diverse as the National Collegiate Athletic Association (NCAA) and the International Organization for Standardization (ISO).

Moreover, beyond U.S. laws, many universities are becoming truly international organizations, with research, educational programs, and campuses around the world. These international activities often require universities to comply with foreign host country laws.

Of course, the vast majority of these new and changing regulations represent unfunded mandates that are straining the limited resources of universities. Thus, everyone is talking about compliance because we all need an effective and efficient method for meeting these challenging demands.

C. WHAT ARE THE STAKES?

There are significant potential consequences for any university that fails to meet its compliance obligations. These include possible:

- **Civil and administrative fines and penalties.** Failure to comply with federal, state, or local laws may result in the imposition of substantial fines and penalties; even multimillion-dollar fines are not unusual.
- **Criminal penalties and imprisonment of culpable individuals.** Violation of federal laws, such as export control laws, can result in lengthy prison terms.

- **Suspension or debarment from participation in government programs.** Noncompliance with federal or state regulations can result in a university being suspended or debarred from participating in important government programs, which is perhaps the greatest penalty the government can impose on a university.
- **Government-mandated compliance programs.** In order to avoid suspension or debarment, a university that violates the law will sometimes be required to enter into an "Integrity Agreement," which imposes a compliance program on the university. These agreements typically last three to five years and may require the university to pay for a monitor or an "Independent Private Sector Inspector General" (IPSIG). IPSIGS are typically private law firms or public accounting firms. The cost of an Integrity Agreement can easily cost millions of dollars.
- **Civil damage actions by "whistleblowers".** Known as "Qui Tam" actions, these private lawsuits are frequently authorized under federal and state False Claims Acts. The actions are brought "on behalf of the government" by private plaintiffs who have knowledge of university wrongdoing and who collect a percentage of the total damages recovered. These lawsuits have resulted in multimillion-dollar awards.
- **Individual liability imposed on board members.** Courts have held that if a board of directors fails to ensure that an organization implements an effective compliance program, the directors may be held individually and personally liable for damages arising out of a compliance failure because they breached their fiduciary obligation to the organization.²
- **IRS tax audits.** Through annual 990 filings, the IRS has begun to review not-for-profit "good governance" practices. Failure to establish proper policies and procedures covered by the 990 questionnaire is likely to result in an IRS tax audit.
- **The costs of responding to investigations and legal actions.** Such costs arising from allegations of non-compliance can be substantial and may actually exceed fines and penalties.
- **Increased cost of credit.** Credit rating firms often review the quality of an organization's system of internal controls, including compliance controls, when setting an organization's credit rating. The lack of an effective compliance program can easily increase an organization's ultimate borrowing costs.
- **Reputational harm.** A university's reputation is perhaps its most valuable asset. Allegations of non-compliance can cause substantial harm to it.
- **Dissatisfaction among institutional stakeholders, including students, employees, and donors.** Compliance failures, government investigations, and civil fines can easily create dissatisfaction among institutional stakeholders, with significant and long-term adverse consequences.
- **Even more regulations.** Ironically, when the government or the public perceives that a segment of the university community is not complying with existing regulatory mandates, the result is often even more onerous mandates. One example of this phenomenon is the recent imposition of the federal "Program Integrity" rules.

² *In re Caremark International Inc. Derivative Litigation*, 698 F.3d 959 (Del Ch. 1996)

D. WHAT ARE THE ESSENTIAL COMPONENTS OF AN EFFECTIVE COMPLIANCE PROGRAM?

To be effective, a compliance program must promote a culture of due diligence and an organization's commitment to compliance with the law. There are a number of compliance program elements that are necessary to establish and maintain an effective compliance program:³

1. Compliance Program Governance and Structure

- An organization's governing body must be knowledgeable about the content and operation of the compliance program and exercise reasonable oversight with respect to its implementation and effectiveness. This oversight may be exercised through an appropriate committee, such as an Audit and Compliance Committee.
- High-level personnel, such as an Executive Compliance Committee, should provide overall direction and support for the compliance program.
- A specific individual, such as a chief compliance officer, should be appointed to exercise day-to-day operational authority for the compliance program. This individual should report to a high-level organizational executive (often the chief executive officer) and also periodically to the board or its Audit and Compliance Committee.

2. Policies and Procedures

- An organization should have policies and procedures that address specific areas of compliance risk.
- Ideally, compliance policies and procedures should be integrated into existing organizational policies, all of which should be consistent with applicable laws, regulations, and other best practices and standards.

3. Training and Education

- Compliance training is critical to the overall success of the program. Training should be designed and delivered in a manner that is appropriate and accessible to the audience (in the case of universities, this includes faculty, staff, and students).
- Compliance training should include information about the organization's overall compliance program, as well as specific regulatory obligations and risks.

4. Lines of Communication: Reporting Mechanisms and Investigations

- An effective compliance program facilitates communication regarding compliance concerns and risks. This may include an "anonymous" compliance reporting line through which an organization's staff and other stakeholders can ask questions or report concerns about potential compliance failures. Anonymous reporting lines can be hosted internally or by an outside independent organization. They can be web-based or use traditional telephone reporting lines.

³ See U.S. Federal Sentencing Guidelines § 8B2.1.

- The compliance officer or other appropriate personnel, such as internal auditor, should investigate reported compliance concerns and take remedial action when appropriate.
- There should be a policy of non-retaliation for all those who report compliance concerns in good faith.
- The compliance officer should make periodic reports to the Audit and Compliance Committee of the board regarding compliance reporting line activities.

5. Monitoring, Review, and Corrective Action

- The organization should conduct periodic audits of internal compliance controls and periodic reviews of the overall effectiveness of the compliance program.
- The organization should develop corrective action plans to address any deficiencies identified through compliance audits and reviews.

6. Risk-based Compliance Program Activities

- The organization should conduct periodic risk assessments to identify areas of potential compliance risk. Such assessments allow organizations to focus scarce resources on the greatest risks.
- Where an area of compliance risk is identified, the organization should develop corrective action plans to mitigate the risk.

E. HOW DOES A COMPLIANCE PROGRAM DIFFER FROM RISK MANAGEMENT?

Universities are now developing Enterprise Risk Management (ERM) programs based upon international standards such as ISO 31000 and the COSO Enterprise Risk Management Integrated Framework. University insurance and risk departments have developed many of these programs to address strategic and operational risks. Since periodic risk assessments are required to maintain an effective compliance program, they can be effectively and easily integrated into an organization's overall ERM program.

F. HOW MUCH WILL A COMPLIANCE PROGRAM COST?

When developing a university compliance program it is important to remember the saying, "one size does not fit all." To the contrary, the size, scope, and nature of a university's compliance program should be tailored to its unique institutional needs. An effective compliance program developed by a large research university will be substantially different than an equally effective compliance program developed by a small liberal arts college. This principle is reflected in federal guidelines for effective compliance programs, which recognize that a small organization simply does not have the same resources or compliance needs as a large complex organization.

Ultimately, the amount of money and resources a university invests in a compliance program should reflect a careful analysis of its operations, culture, and risk environment, and the results should be balanced against the possible consequences and costs of non-compliance.

Chapter 2: Deciding on the Best Compliance Structure for Your Institution

Francine Tilewick Bazluka, Vice President and General Counsel, University of Vermont

A. APPROACHES AND MODELS

Surveys by NACUA of college and university compliance programs — discussed in greater detail in the next chapter — show that there is no prevailing model. The most common approaches are:

- **Decentralized, with or without designated compliance officers.** Some institutions utilizing the decentralized approach have a compliance webpage, which may contain features such as a general statement of institutional commitment to compliance, a compliance matrix, and/or identification of the offices responsible for specific areas of compliance.
- **Compliance Committee, with or without a compliance director staffing the committee.** This approach may or may not be styled as a “compliance program.” Two types of committees of this kind are: (1) an Executive Committee comprised of senior officials and (2) a committee whose members are drawn from managers responsible for specific areas of operation. At some institutions, both committees exist.
- **Formal compliance program integrated into an Internal Audit Services Office** (*i.e.*, Audit & Compliance Services, or compliance as a unit or program of the Internal Audit Office).
- **Compliance program or function integrated into the office of general counsel.** At some institutions, a member of the office of general counsel is designated as the compliance officer.
- **Freestanding program whose director reports to a senior administrator other than the chief internal auditor** (*e.g.*, vice president for administration).
- **Freestanding program whose director reports to the president/chancellor and/or a committee of the board** (and, in the latter instance, almost always the Audit Committee).

B. IMPLICATIONS OF THE OPTIONS

As noted elsewhere in this publication, there is no one “correct” model; the choice of an approach will be influenced by the nature of the institution and its salient policy, political, and resource considerations.

The most basic model might be called “traditional” — decentralized or “distributive” — with or without designated compliance officers. Under this approach, the most senior official responsible for a function is accountable to the president/chancellor for compliance in assigned areas of operation. This approach can be complemented by an institution-wide webpage containing components such as those identified above and maintained by an appropriate office (such as legal counsel). The chief benefits of the model include the lack of expense otherwise associated with establishing a new compliance office and lessening of the risk of overlapping jurisdiction among offices with related functions. The greatest challenge associated with this option is the absence of a cohesive, holistic compliance program that can better identify and close gaps than can a decentralized program.

A variation on the traditional approach is for the president/chancellor to establish a Compliance Committee charged with responsibility for institutional oversight and coordination of compliance activities. Among other considerations, the use of an Executive Compliance Committee underscores the importance of the work to the institution. Some committees of this kind have a senior official serving as convener or chair; the committee may also be staffed clerically and/or by a “director,” the latter of whom may or may not lead a compliance office. The benefits to this approach include underscoring publicly the importance of the work to the senior leadership and generating an increased awareness at the senior-most level of the risks faced by the institution.

Integration of a compliance program into an existing office raises significant policy questions. A common model is to establish an Internal Audit & Compliance Services Office, or to operate a compliance program within an Audit Services Office. The benefit to this approach is that it integrates related endeavors and also provides a level of independence from “management” that is considered a best practice for internal audit. The challenge is that this model may render compliance a form of investigation-based “assurance” to which university community members may react defensively. Also, the independence from “management” may create conflict between a compliance officer and senior administrators, particularly if compliance is reporting to a Board Audit Committee regarding compliance shortfalls.

Another common model is for compliance to be a function or unit of the office of legal counsel. One benefit to this approach is that university and college attorneys are already highly focused on compliance requirements in the many areas of law governing higher education. An additional benefit is that attorney-client privilege will protect legal advice. Challengers to this approach argue that a compliance officer should be “independent,” whereas in-house counsel is “defensive” of their institutions.

C. SELECTING AN APPROACH

The dilemmas posed by these various options are not easily resolved. The approach selected must be appropriate to a given institution, as determined ultimately by the president/chancellor in consultation with the board. Reasonable minds may differ as to the most suitable approach and, when reviewing choices, the president/chancellor must strike a balance between consulting the campus and managing the expectations and demands of vociferous stakeholders.

To assist presidents/chancellors, their boards, and other leaders in higher education, guidance questions appear in the [Appendix](#) to this publication. From a presidential perspective, the most salient issues involve establishing an institutional program philosophy, assigning responsibilities and accountability, creating checks and balances, maximizing resources and — perhaps most difficult in a complex organization — clarifying the relationship and interface of a compliance program with existing institutional initiatives and programs, such as internal audit, legal services, and operational and enterprise risk management. Ensuring alignment with one’s board on these key issues is essential.

The following chart summarizes the benefits and challenges of each model and offers concrete, practical suggestions on how to address the latter.

MODELS			
MODEL	BENEFITS	CHALLENGES	HOW TO RESPOND TO CHALLENGES
Decentralized (Traditional)	Does not add significant budgetary expense; assigns compliance duties to the officials responsible for the specific function; does not create additional administrative structure or burdens; reduces conflict among units with related functions.	Creates silos that may hamper communication among offices that should interface on compliance matters; runs counter to a holistic approach to compliance risks in general; renders compliance commitment less visible.	Develop a webpage that features a statement of presidential ⁴ commitment to compliance, lists officials responsible for specific compliance functions, and includes links to NACUA Compliance Resources.
Compliance Committee (Freestanding; members are senior officials)	Sets “tone at the top”; engenders awareness and coordination relative to compliance issues; facilitates collaborative environment.	Burdens senior staff with additional meetings and obligations; creates inefficiencies insofar as certain compliance activities are not relevant to the responsibilities of some officials; senior staff members may not be as familiar with the details regarding compliance requirements as others in the reporting line to the senior staff members.	Designate an employee who staffs the committee clerically to schedule meetings, create agendas, streamline and distribute materials, and maintain a record of the initiative. Senior staff can ask their direct reports to attend a senior staff Compliance Committee meeting to share their expertise.
Formal Compliance Program (Audit Services home)	Creates efficiencies by interfacing programmatically different but related functions (i.e., audit and compliance activities); avoids establishment of another freestanding office; uses an existing means of access to a board Audit Committee; avoids silo-ing.	May cause apprehension on the part of officials, managers, and employees insofar as the model assumes or implies an investigative orientation; customary “independence” of chief internal auditor can place president in a “management” role viz. Audit Committee.	Publish a clear statement of the roles and responsibilities of the Audit Office, including the compliance program, and institute procedures to ensure that the chief internal auditor communicates promptly and effectively with the president regarding work plans, work in progress, and outcomes.
Formal Compliance Program (General Counsel Office (GC))	GC has or can readily acquire subject matter expertise; attorney-client privilege protects legal advice; avoids establishment of a new freestanding office.	Can create ambiguities as to whether advice is legal or administrative; may be perceived as “defensive” of institution vs. independent.	Publish a clear statement of the roles and responsibilities of the GC relative to legal vs. compliance functions; ensure GC diligence about distinguishing between legal and administrative advice; emphasize the role of the GC as counsel for the organization as a whole.

⁴ For purposes of this chart, “president” refers to the chief executive officer, whether a chancellor or president.

MODELS			
MODEL	BENEFITS	CHALLENGES	HOW TO RESPOND TO CHALLENGES
<p>Formal Compliance Program (Independent)</p>	<p>Shows commitment to compliance; distinguishes compliance from other related functions; creates awareness and education mechanism.</p>	<p>Requires significant new budgetary commitment; increases potential conflict among units with related functions; raises public records act issues for publicly affiliated institutions; if a dotted or direct reporting line is established to a board Audit Committee, "independence" of chief compliance officer can place president in a "management" role viz. Audit Committee</p>	<p>Publish a clear statement of the roles and responsibilities of the Chief Compliance Office, and institute procedures to ensure that the chief compliance officer communicates promptly and effectively with the president regarding work plans, work in progress, and outcomes.</p>
<p>Formal Compliance Program (Report to a different senior official)</p>	<p>Avoids the pitfalls associated with the other freestanding program model reporting lines described above.</p>	<p>Few senior officials in their <i>ex officio</i> capacity have the subject matter expertise to oversee this function. Also, there is no other "natural" home for this function given its breadth.</p>	

Chapter 3: Establishing and Sustaining a Compliance Program

PART 1: WHAT ARE OTHER INSTITUTIONS DOING?

Lawrence White, Vice President and General Counsel, University of Delaware

In spring 2013, NACUA surveyed chief legal officers at more than 200 NACUA member institutions to gather data on current and planned compliance programs. Results were disaggregated to display data for several discrete subgroups: single-unit and multi-campus, public and private, Carnegie classification, and size. This chapter offers — in highly condensed form — some of the most significant top-level themes and discussion points culled from the compliance survey.

1. Dramatic Growth in Institutions Establishing Compliance Programs

The number of institutions that report fully implemented “compliance functions” is still relatively small (31.2 percent of respondents), but a startlingly high percentage of respondents — an additional 40 percent — are either planning to establish formal compliance functions or currently implementing plans for establishing a compliance office. It is easy to surmise that, in time, most institutions will have some type of formal compliance function.

The proportion of institutions with fully functioning compliance offices varies by size of institution. Not surprisingly, larger institutions are more likely to have a compliance office than smaller institutions. In only one category of institution — the very largest with operating budgets of \$1 billion or more — do a majority of the institutions already have a compliance office; for all other categories, a minority currently have a compliance office. In all categories, however, a majority report they will have functioning compliance offices within the next five years.

2. Lack of Consensus on Best Practices

At institutions with compliance offices, there is wide divergence in organization and reporting lines, and no discernible consensus on “best practice.”

In the corporate, for-profit sector, the dominant structure for the compliance function is to separate compliance and general counsel’s offices so that compliance is not managed by (and does not report to) the general counsel. Rather, typically, the compliance function in the for-profit sector reports directly to the board of directors or to the chief executive officer.

In contrast, at colleges and universities, the NACUA compliance survey shows that the separation between the compliance and legal functions is not as pronounced. At institutions with a chief compliance officer, that person is more likely to report to the general counsel than to any other institutional office. In fact, at almost one-quarter of reporting institutions, the chief compliance officer is the general counsel. At institutions that do not have a designated compliance officer, the official who most commonly assumes responsibility for compliance is — not surprisingly — the general counsel. The smaller the institution, the more likely it is

that the general counsel will be responsible for compliance — or, conversely, the larger the institution, the more likely it is to have a separate compliance office.

The NACUA survey shows how extraordinarily varied institutional approaches to the compliance function are.

- Fewer than 20 percent of reporting institutions have an official designated as “chief compliance officer.”
- Only 8.2 percent of reporting institutions have a centralized compliance function across all schools, colleges, departments, and units.
- Although terminology is used somewhat imprecisely, the “decentralized approach”⁵ currently predominates among institutions that have a formal compliance program (or programs).

3. Centrality of the Compliance Function

Compliance is a significant and growing management responsibility for lawyers who practice higher education law. More than 98 percent of chief legal officers rated compliance as “the most challenging issue” their offices face, “among the top three most challenging issues,” or “just as challenging as any other legal issue.” Of campus legal offices that reported an increase in full-time-equivalent employees over the past five years, 70 percent attribute the need for additional staff in whole or in part to added compliance responsibilities in their offices.

4. Level of Dissatisfaction with Existing Compliance Programs

Another unexpected and to some extent counterintuitive finding highlighted by the NACUA compliance survey is the low level of satisfaction with the effectiveness of existing compliance programs on respondents’ campuses. From the legal office perspective, an institutional investment in compliance serves well-understood objectives, including potential reduction in the number of enforcement proceedings, a degree of insulation against exposure from external compliance audits, and better working relationships with internal and external auditors. The survey also revealed low levels of satisfaction with the ability of compliance offices to effectively contribute to these goals: almost two-thirds of respondents reported that compliance offices at their institutions were not effective in improving insurance claims experience and lowering premiums, and more than half reported that the existence of an internal compliance function had no impact on the number or outcome of enforcement proceedings in courts or before administrative agencies.

5. Unresolved Questions

Although compliance has been identified for many years as one of the chief concerns among NACUA members, there remain unresolved questions about the meaning of the term, the scope of the compliance function, and legal constraints on the structure of compliance programs. The resulting uncertainty poses an impediment to informed discussion of compliance issues. The following are still unresolved questions, some of which will be revisited in subsequent chapters.

⁵ The advantages and disadvantages of the decentralized approach and other compliance program models are discussed in [Chapter 2](#).

With so many entities and offices involved directly or peripherally in compliance (general counsel, chief compliance officer [if there is one], board audit committee, risk manager, internal auditor), how can jurisdictional lines be defined cleanly and jurisdictional collisions be avoided? One of the questions on the NACUA compliance survey asked, “Provide a brief description of the role of the Chief Legal Officer in compliance oversight at your institution, including, if applicable, the relationship between the Chief Legal Officer and Chief Compliance Officer.” The open-ended answers supplied by survey respondents reveal a high level of intra-institutional confusion over boundaries and concern about overlapping and competing functions.

Closely related to that point and in a sense the converse of it: **At a smaller institution that doesn’t have separate offices for risk management, internal audit, and general counsel — where those functions may in fact be combined in a single office — are there special considerations that shape the design and implementation of the compliance function?** At NACUA’s General Counsel Institute in 2013, longtime NACUA member Lori Fox of Teachers College presented an outline titled, *Some Materials on Compliance at a Small Institution*.⁶ That outline serves as a useful reminder that, at many of NACUA’s smaller institutions, jurisdictional consolidation is more defining than jurisdictional overlaps.

Is ethics part of compliance? What would be the advantages and disadvantages — both institutionally and personally — in making enforcement of ethical standards part of the compliance mandate? How and by whom are ethical standards established and “enforced”?

Are there legal reasons why the general counsel cannot exercise responsibility for compliance? Some commentators have suggested that the answer is yes, in large part due to statements in federal agency compliance manuals⁷ and in other agency standards for compliance programs cautioning against overlap in the general counsel/compliance functions.⁸ Given these statements, and the likelihood that following any enforcement proceedings the federal government will insist on separating compliance and legal, does it make sense for institutions to combine the two functions into a single office?

⁶ For NACUA members, the outline is available at:

http://www.nacua.org/securedocuments/programs/January2013/03_xv-13-01-1.pdf.

⁷ In its corporate compliance manual, for example, the United States Department of Health and Human Services’ Office of Inspector General cautions institutions of higher education that there is some risk to establishing an independent compliance function if that function is subordina[te] to the ... [G]eneral [C]ounsel.... Freestanding compliance functions help to ensure independent and objective legal reviews and financial analyses of the institution’s compliance efforts and activities. By separating the compliance function from the key management positions of [G]eneral [C]ounsel ..., a system of checks and balances is established to more effectively achieve the goals of the compliance program.

⁸ For example, *Federal Sentencing Guidelines* suggest that an institutional compliance program will be deemed “effective” only if “the individual or individuals with operational responsibility for the compliance and ethics program ... have direct reporting obligations to the governing authority” — a provision some commentators have interpreted to prohibit a reporting line to the general counsel.

PART 2: STRUCTURING A COMPLIANCE PROGRAM

Jennifer Kirkland, Associate General Counsel, Washington and Lee University

Steve Sencer, Senior Vice President and General Counsel, Emory University

Leanne Shank, General Counsel, Washington and Lee University

Every college and university has compliance obligations and administrators who perform compliance functions, whether explicitly or tacitly. As described in [Chapter 2](#), compliance programs differ across higher education, with some being highly centralized and others more decentralized, where the activities are performed by administrators with other operational responsibilities. This section addresses the steps that a school in the latter category can take to establish and sustain a formalized compliance program.

Given the blanket of federal regulations that cover higher education today, even the smallest colleges should identify those individuals on campus who are responsible for compliance, and embark on a path to create an identifiable compliance program. The compliance program need not (and, indeed should not) operate independent of ongoing campus operations; rather, it should be used to assess and adjust campus operations in light of legal obligations and other best practices relevant to higher education institutions.

Set forth below are some foundational steps that colleges and universities with a more decentralized approach can take to ensure that they are building an effective and sustainable compliance program.

1. Find a Champion

A successful compliance program needs a champion within the college or university administration. That person must have the respect of the campus community and sufficient authority to compel action when resistance occurs. The best champion is a university president/chancellor who demonstrates a commitment to compliance through his/her actions and words. A chief academic officer or chief business officer can be the champion, individually or in support of the president. Governing board endorsement of the compliance structure also signals the importance of the endeavor to campus constituencies.

As Larry White makes clear in the prior section, university counsel will be a key player in the initiation of a compliance program, whether front and center or behind the scenes. Counsel may need to take and sustain the process initially, helping to put into place a structure designed to promote effective and sustainable compliance efforts, and then step back to serve as a resource to designated campus and department compliance officials. (For institutions that do not have in-house counsel, use of a consultant might be considered. Some institutions also look to their Internal Audit Services Office for assistance.)

The champion should have a clear understanding of the importance of demonstrating and documenting compliance, instituting periodic assessment of the compliance program or programs (centralized or decentralized), and ensuring accountability. The champion must also understand and convey the risks associated with an inadequate compliance program to stimulate proactive initiatives from key operational players.

2. Develop an Appropriate and Workable Organizational Structure

Demonstrably supportive leadership is necessary but not sufficient. A successful compliance program also needs an organizational structure that encompasses the range of administrators whose work involves or impacts compliance. At the core of the structure are compliance, if a defined function; internal audit; general counsel; and risk management (including enterprise risk management, if the institution has such a program). No matter the structure, the individuals responsible for these functions will likely be at its core.

3. Identify Key Compliance Risks

Every institution should consider developing a list of key compliance risks. This task need not be daunting, as there are a number of good lists available, including the NACUA Compliance Matrix,⁹ and the compliance matrices of the University of Minnesota and Washington and Lee University (note, however, that these are primarily focused on statutory and regulatory compliance obligations, not including best practices recommended by various external agencies such as accreditors, auditors, etc.). Care should be taken to integrate into the list any requirements imposed by state law, which typically do not appear in the lists developed by national associations. For institutions that have an enterprise risk management function, the risk analysis (including likelihood and exposure) should also be incorporated into the risk-identification process. For reasons described at the outset of this chapter, no institution should, without comprehensive analysis, accept a “pre-existing” list of key risks. Rather, each institution should examine its specific context — its unique institutional programs and activities, as well as its operational weaknesses and strengths — to develop its own individual list of applicable compliance risks. Often, the process of developing a list yields important insights and can help build a compliance team where none already exists.

Certain compliance risks may be best, and most effectively, managed by outsourcing the compliance analysis and development of an action plan. Thus, consideration might be given to what risk analyses and mitigation strategies should be outsourced in view of expertise and availability.

⁹ The NACUA Compliance Matrix is available on the Higher Education Compliance Alliance website, <http://higheredcompliance.org/matrix/>.

4. Identify Compliance Gaps and Implement Remediation Plans

Once a compliance structure is in place, the responsible compliance partners should review the compliance requirements applicable to each area of campus operations and perform a “gap analysis” (an assessment of where there are gaps in compliance) for each area. Those conducting the investigation should keep good records, identify gaps, establish plans to remediate any compliance deficiencies, and schedule follow-up reviews to confirm that the gaps have been remedied. A compliance review may also be triggered by an individual incident, such as an IT security breach, that occurs between regular reviews. An emergency response protocol should be developed to manage urgent, high-risk situations, such as those involving campus safety or data security breaches. It also may be helpful to develop a worksheet or template to use in assessing and remedying compliance gap areas. Suggested components include:

- ✓ Date of review
- ✓ Compliance area
- ✓ Compliance official responsible
- ✓ Source of compliance obligation (statute, regulation, etc.)
- ✓ Responsible agency
- ✓ Potential risks/sanctions for non-compliance
- ✓ Key compliance obligations (cite to requirements with indications of which are in place and conform to requirements)
- ✓ Gaps or issues to be addressed and planned action
- ✓ Other campus offices needed for coordination
- ✓ Resources applicable to the area (such as compliance calendar, form templates, record retention schedule)

Counsel should be involved throughout this process, as they bring an important perspective. They also should also be involved in determining how, if at all, attorney-client privilege could be applied to limit discovery of the documentation.

5. Update Compliance Risks

Institutions constantly change, as do regulatory schemes. Consequently, an institution should regularly update its risks. Several resources exist for monitoring regulatory changes, including NACUA, University Risk Management and Insurance Association (URMIA), and United Educators, as well as listservs focused on compliance, such as UCOMPLIANCE@lists.umn.edu (hosted by the University of Minnesota) and topical listservs hosted by NACUA.

6. Communications with the Board

As addressed in [Chapter 2](#), the university president or chancellor should discuss with the governing board the nature and extent of expected communications regarding compliance activities. How this will work will be strongly influenced by the structure selected for compliance leadership and management. Again, institutions subject to public access laws will need

to consider exposures that will arise if compliance-related presentations, including materials, are subject to open meeting and public documents laws and, as noted earlier, whether there are any means to legally protect these communications.

7. Assess Program Effectiveness

Institutions should assess the effectiveness of their program periodically to ensure it is still the best approach for their current needs. Assessment can take many forms, including a fresh review of key risks, examining practices of other institutions, and, in some cases, using outside consultants. Given the profusion of laws and regulations, and the intensifying focus on compliance nationally, it may be prudent to perform these assessments at relatively short intervals, such as every three years.

Conclusion

There are many ways to perform the compliance function in higher education. Although models may differ, it is important that all colleges and universities have a compliance program of some kind. They also must actively seek to refine and improve their compliance function structurally and substantively, integrating into the process those in the best position to know topic-specific compliance obligations, and to manage compliance in the corresponding campus programs and activities.

PART 3: STRUCTURING AND SUSTAINING A COMPLIANCE PROGRAM AT LARGE RESEARCH INSTITUTIONS

Steve Sencer, Senior Vice President and General Counsel, Emory University

The administrative leadership of large research universities must grapple with the several regulatory regimes that overlay their multiple missions. As with every college and university, they must comply with federal and state regulations pertaining to education. Federally funded research adds another layer of regulations. And for academic medical centers, healthcare regulation, such as those pertaining to patient privacy and Medicare billing, adds yet more.

The extraordinary number of regulatory requirements, and their nature, increases the magnitude of the compliance risks facing large research universities. Within this context, there are some unique concerns that these institutions face as they develop their compliance programs, including:

1. Coordination across Domains

Research universities must tend to the coordination of the compliance function in the different domains. Historically, the rigor of this function has not developed in an even path across these domains. Healthcare compliance developed first, as a consequence of the federal government focus in the 1990s on Medicare fraud and abuse. Research compliance matured soon after. Now, with issues such as Title IX and the Clery Act, compliance awareness outside those two realms is growing, as well. This variability tends to encourage the development of silos, which requires intentional effort to counteract by administrative leadership.

2. Mind the Gap

Presidents and boards should pay special attention to those areas that fall in between established compliance functions. For example, clinical trial research does not fall neatly within healthcare or research compliance, but it does bring significant risk to an academic medical center.

3. Healthcare Compliance

If the research university is part of an academic medical center, it must grapple with healthcare compliance. The healthcare system with which it affiliates will almost surely have a compliance officer (and if it doesn't, that is definitely a red flag!), and the university administration should develop an effective working relationship with that person. Issues cross the line, and there can be Medicare billing exposure for a university to the extent its personnel are involved in clinical and research activities alongside the healthcare system.

4. Follow the Money

With some notable exceptions – Title IX being one – compliance obligations and compliance risks correlate with government funding. The biggest risks are associated with the largest revenue sources. For a research university, this will be federal research funding and, if an academic medical center, Medicare.

5. Role of the General Counsel

As an institution's compliance challenges and apparatus grow, having general counsel serve as the chief compliance officer becomes less tenable. As Larry White discusses above, federal agencies have made statements disapproving that relationship, and federal investigations sometimes conclude with an institution agreeing to separate the function. More generally, the function of the general counsel is distinct from that of compliance in a large corporation. The latter is operational, rather than advisory, and is increasingly treated as such by research universities.

Chapter 4: Compliance Trends Presidents, Boards and Administrators Should Watch

Kathleen Curry Santora, President and Chief Executive Officer, NACUA

Ashley Miller, Assistant Director of Legal Resources, NACUA

NACUA asked a sampling of about 40 members with compliance expertise to respond to the following question: What are the top two or three compliance trends that you think will affect the practice of higher education law in the next three to five years?

With a 72% response rate, several broad themes emerged. First, a large percentage of survey participants predict a continuing increase in the regulation and oversight of higher education. Second, as forecast in NACUA's 2013 survey of chief legal officers (summarized in [Chapter 3](#)), survey participants believe that many institutions will newly establish a centralized compliance office. Third, the survey participants anticipate that institutions will need to allocate additional resources for compliance activities – at a time when many, if not most, institutions face financial constraints. Finally, substantive issues and activities earmarked for increased compliance include sexual misconduct, international programs, and research.

A. BIG PICTURE TRENDS

1. Increasing Regulation and Oversight of Higher Education

Most responses to the survey predict that higher education will face increased federal regulations and federal agency oversight in the coming years. Several responses point to a growing focus on “accountability” in higher education as a driving force for future regulations, with discrete types of accountability: (1) measurable learning outcomes for students; (2) campus costs and performance metrics; and (3) demonstrably appropriate use of government dollars.

As regulations proliferate, several respondents foresee challenges in “understanding and predicting” what the agencies issuing and enforcing these new regulations will require. Survey respondents note that “what an enforcement agency expects is [sometimes] more fluid and less discernible;” and that there is increasing “disconnect between statutes and regulations, on the one hand, and ‘sub-regulatory guidance’ on the other.” Respondents’ concerns are heightened by a prediction of an increased imposition of fines and other penalties. As one response notes, the future is likely to present “an increasing emphasis on penalties by regulatory agencies, legislatures and other governing authorities, accompanied, unfortunately by a decreasing level of front-end standards ... and strategies providing guidance from these same bodies.”

2. Centralized Compliance Programs and the Changing Role of General Counsel

Many survey participants identify changes to campuses’ compliance and general counsel functions as a future trend. Specifically, they predict that a greater number, and more diverse complement, of institutions will establish centralized compliance offices. As one participant observes, “as regulations have proliferated and the cost of noncompliance has grown, smaller institutions have followed” large institutions in developing a centralized compliance structure.

This predicted trend is consistent with a key finding in NACUA's 2013 survey of chief legal officers: although a majority of only one category of institution — large research institutions — had compliance programs, a majority of all other institution categories anticipate that they will have a compliance office within five years.

Participants in this survey, however, vary in their predictions as to how a centralized compliance office will impact general counsel offices. Some participants comment that, as central compliance offices are created, general counsel offices will focus more on advising on compliance issues and less on risk assessment and related training. Other responses note that, at smaller institutions, compliance programs may be a part of the office of general counsel. Still others predict that in-house counsel will continue to be relied upon to “identify compliance risk areas ... assist in ensuring that risk area compliance programs are developed and implemented, and that employees are trained and monitored.”

3. Additional Resources for Compliance Activities

Many of the responses foresee a need to allocate additional institutional resources to compliance-related activities, including training and the implementation of accountability measures. The responses recognize, however, the challenges and trade-offs implicit in shifting resources to compliance. More than one response acknowledges the inevitable “push-pull” between increasing compliance requirements and higher education institutions’ top priority: educating students. As one participant observes, meeting compliance resource demands may, in fact, undermine some of the goals of new regulations, such as those designed to promote ‘affordability.’”

B. SPECIFIC ISSUE TRENDS

1. Continued Focus on Sexual Misconduct and Other Campus Safety Issues

Campus sexual misconduct has been addressed in recent legislation, federal agency enforcement activities, and White House commentary and a majority of respondents predict that this area of focus will endure. As one participant stated, “recent activities in Washington ... show no sign of relenting and every sign of continuing.” Institutions will thus be called upon to foster what one respondent called a “cultural shift in the way students perceive sexual violence and relationships.”

Some responses predict a more intensive compliance focus on campus safety generally, characterizing behavioral threats, alcohol abuse, and the activities of minors as a natural extension of the current emphasis on sexual misconduct issues. One response observes that, taken together, this attention to campus safety “reflect[s] a general regulatory move back to a kind of in loco parentis culture, with, however, the added component of government regulation and institutional liability.”

2. Conflicts of Interest — Research and Financial

Several survey responses foresee growing emphasis on research compliance and, in particular, the monitoring of conflict of interest in research and the identification of research misconduct. Other responses identified financial conflicts of interest (not just research-related conflicts) as a burgeoning area.

3. Focus on International Activities Including Student Study Away

Nearly as many responses suggest that the future will bring an increased focus on compliance obligations for international activities. As one respondent explained, “we are all looking abroad for new opportunities ... yet those ‘opportunities’ are fraught with legal, financial and even cultural issues that create great risks for any endeavor.” As institutions’ international activities expand, these endeavors are likely to come under increased scrutiny by regulatory agencies.

4. Other Issue Specific Trends

The responses raised a variety of other issue-specific trends including: shared governance, athletics, discrimination, data privacy, and the increase in health care regulation and, incidentally, at academic medical centers.

Appendix A: Questions to Ask in Selecting and Evaluating a Compliance Program

Francine Tilewick Bazluka, Vice President and General Counsel, University of Vermont

Pamela Bernard, Vice President and General Counsel, Duke University

QUESTIONS FOR PRESIDENTS/CHANCELLORS

What is our institutional compliance program philosophy?

- Are we seeking simply to maximize our adherence to legal and policy requirements? Are we also seeking to create a culture where we encourage people to speak out about suspected wrongdoing? If the latter, what is the relationship between compliance and ethics, and does one program encompass both?
- Do we view compliance as a responsibility integral to every institutional official's duties? If so, what function does a central compliance office fulfill?
- Do we tackle compliance obligations proactively through periodic internal assessments, or do we wait for compliance shortfalls to be identified through whistleblower complaints or governmental agency audits?
- Do we allocate appropriate resources to compliance in light of our overall resources and risk profile?
- How can we allocate appropriate resources for proactive and preventive training and education for employees on compliance requirements and responsibilities?

Do my institution's compliance activities reflect our compliance program philosophy in terms of its placement in the organization and who has what responsibilities?

- What are the "optics" associated with a compliance program being: (a) freestanding, with a direct reporting line to the president/chancellor (and a dotted line to a board committee)? (b) located within internal audit? (c) situated in the office of the general counsel?

What is my own role with respect to our compliance program?

- Should I as president/chancellor: (a) principally express support for a compliance program and compliance initiatives to set the "tone at the top"? (b) establish an Executive Compliance Committee comprised of senior staff, including me? (c) review and approve an annual compliance work plan, as well as receive periodic progress reports from the compliance officer?
- How should my role articulate with the role of my board, or its Audit Committee, in regard to periodic compliance status reports?

What are the roles of internal audit, operational and enterprise risk management, and legal counsel in our compliance program? How do those offices interact with respect to compliance and allocation of responsibilities?

- Have I requested, reviewed, and approved "charters" for these offices that articulate their roles with respect to compliance activities?

- How do I ensure maximum efficiency and good coordination among these offices?
- Who defines “risk” and “risk tolerance” so that we can set compliance priorities and allocate resources in a manner reflective of those priorities?

How can I evaluate my institution’s compliance program for effectiveness?

- What are best practices regarding the assessment of program effectiveness?
- How should best practices influence the design of our compliance program?
- Have I set a schedule for periodic review of our program in light of experience gained and emerging common and best practices?

What role, if any, should my board have with respect to our compliance program?

- Is compliance an operational function that does not rise to the level of the board? Or is compliance an important enough issue to warrant board-level attention?
- If the board wishes to address compliance, what is the most appropriate board committee for oversight? What are the implications of the board assigning compliance program oversight to its Audit Committee?
- How can I be an effective champion for the importance of the compliance role and the need for appropriate resources to support it?

QUESTIONS FOR BOARD MEMBERS AND TRUSTEES

- How is the institution’s compliance program organized and to whom does it report? How does the board ensure accountability? Are subsidiary or support corporations also considered?
- How are institutions similar to ours addressing compliance?
- Who defines “risk” and “risk tolerance” so that the institution can set compliance priorities and allocate resources in a manner reflective of those priorities?
- Does the institution have hot lines for reporting compliance problems? How does the institution protect and interact with whistleblowers and handle retaliation?
- Does the board or a board committee get reports about the program’s activities and challenges? Does it receive updates on whether compliance shortfalls have been remediated?
- How does the board know which compliance concerns are the most important in terms of reputational, financial, or other potential exposure?
- Has the president/chancellor created a mechanism for assessing the effectiveness of the compliance program?

QUESTIONS FOR CHIEF LEGAL OFFICERS

- If compliance does not report to or is not housed within the general counsel’s office, what if any interaction between the two is appropriate and efficient?
- When can the attorney-client privilege be invoked over compliance reviews and risk assessment documents or investigations?
- At public institutions, what public access laws need to be taken into account?

QUESTIONS FOR OTHER LEADERS IN HIGHER EDUCATION ADMINISTRATION

What is our institutional compliance program philosophy?

- Are we seeking simply to maximize our adherence to legal and policy requirements? Or are we also seeking to create a culture where we encourage people to speak out about suspected wrongdoing? If the latter, what is the relationship between compliance and ethics and does one program encompass both?
- Do we view compliance as a responsibility integral to every institutional official's duties? If so, what function does a central compliance office fulfill?
- Do we tackle compliance obligations proactively through periodic internal assessments, or do we wait for compliance shortfalls to be identified through whistleblower complaints or governmental agency audits?
- Do we allocate appropriate resources to compliance in light of our overall resources and risk profile?
- How can we allocate appropriate resources for proactive and preventive training and education for employees on compliance requirements and responsibilities?

Do my institution's compliance activities reflect our compliance program philosophy in terms of its placement in the organization and who has what responsibilities?

- What are the "optics" associated with a compliance program being: (a) freestanding, with a direct reporting line to the president/chancellor (and a dotted line to a Board Committee)? (b) located within internal audit? (c) situated in the office of the general counsel?

What are the roles of internal audit, operational and enterprise risk management, legal counsel in our compliance program? How do those offices interact with respect to compliance and allocation of responsibilities?

- Who defines "risk" and "risk tolerance" so that we can set compliance priorities and allocate resources in a manner reflective of those priorities?

How can I evaluate my institution's compliance program for effectiveness?

- What are best practices regarding the assessment of program effectiveness?
- How should best practices influence the design of our compliance program?
- Have I set a schedule for periodic review of our program in light of experience gained and emerging common and best practices?

Appendix B: How Did We Get Here and Where Are We Now? Regulatory History and the Era of Hyper-Regulation

Stephen Dunham, Vice President and General Counsel, The Pennsylvania State University

A. HISTORY AND PURPOSE OF GOVERNMENT REGULATION OF COLLEGES AND UNIVERSITIES¹⁰

Almost all colleges and universities are created and organized under state law. As legal entities, they have always been subject to applicable “law,” including state and federal constitutional, statutory, or common law and the provisions of their founding documents. For this reason, they have always been regulated, or at least theoretically subject to regulation, by the laws of the jurisdictions where they are located and by whatever governmental entities, including courts, have had the authority to enforce the applicable laws. In this sense, “compliance” with external laws is not a new topic for institutions of higher education.

Our increased focus on compliance, however, relates not to the generic and largely theoretical application of general statutory and common law to colleges and universities. Rather, the recent and current attention to issues of government regulation and compliance in higher education flows from the ever-growing body of laws and regulations that apply to colleges and universities precisely because of who we are and the special functions and missions we carry out.

Today, government regulation of higher education covers a wide range of activities at virtually all colleges and universities. Most regulatory activity can be divided into four categories: 1) laws applied as a condition of funding that specifically promote and protect the government’s interests and objectives in the research or student activities that it funds; 2) laws and regulations that apply as a condition of funding, but that promote a specific federal or public policy agenda separate from the direct purpose of the funding; 3) laws of general application that apply to higher education institutions along with other entities, though the application of the laws to colleges and universities may be unique; and 4) laws that regulate academic institutions based on their not-for-profit or public status.

1. Federal Funding of Colleges and Universities to Advance a Specific Public Purpose

a. Funding of Research

The history of the American research university is usually traced to the late 1800s, when several American colleges and universities began to encourage research and advance knowledge well beyond the education or training of undergraduates and professional students. Significant levels of federal funding of research universities and the resulting regulation of scientific research, however, started in the immediate aftermath of World War II, when the government supported scientific research first in the area of national defense and later in the spheres of medical and health research.

¹⁰ This chapter relies in part on (and includes language directly from) Dunham, “Government Regulation of Higher Education,” 36 *Journal of College and University Law* 749 (2010) and materials cited in that article.

Furthermore, as a result of collaborations begun during World War II, the government expanded its support of science by awarding grants to university scientists to carry out government projects at their universities. This defense-related work continued and grew in the late 1940s and 1950s and was subsequently expanded to include funding for research from the National Institutes of Health and the National Science Foundation.

The amount of federal funding of research at colleges and universities has increased exponentially since the late 1940s. Similarly, the scope of funding now encompasses not only defense, medicine, and health, but basic science, agriculture (the inception of which was the Morrill Act of 1862), energy, environment, education, public health, aid to developing countries, and other areas.

Federal funding of research at colleges and universities is based on a “contract” model: the government funds the research and colleges and universities promise to perform the work in a manner consistent with federal agency requirements. Over time, the “contract” has evolved from one based in large part on the trust implicit in the relative autonomy of campus-based researchers to a contractual relationship subject to extensive regulation and oversight of researchers and their institutions. For example, the government has adopted a framework to evaluate allegations of research and scientific misconduct and rules for the disclosure, evaluation, and management of financial conflict of interests in research. As a further example, to verify that government grant money is spent, and spent properly, on the purposes for which it was awarded, the government requires: (1) implementation of an effort-reporting system to determine that the researchers’ time is allocated to the proper contract, and (2) an audit system to assess whether expenses are properly incurred.

The current contract model thus uses compliance with regulations as a means of ensuring that the purposes of the specific contract and general government objectives are met.

b. Funding of Financial Aid to Promote Access to Higher Education

In the waning days of World War II, the government began planning for the transition of military personnel to civilian jobs. One part of this program was the GI bill, originally passed in 1944. The next big wave of federal support for access to higher education came in 1972 with the Pell Grant program, followed by numerous other federal loan and grant programs for financial aid.

Federal money to support student access to education has brought with it voluminous and complex regulatory requirements, which (as with research dollars) were intended to ensure that the government’s money was well and properly spent in furtherance of the government’s purposes.

2. Laws and Regulations Imposed as Conditions on Funding but Designed to Promote Public Purposes Separate from the Purpose of the Funding Itself

a. Research

Over time, the government has added conditions to the research contract under which the recipient university promises to comply with various laws and regulations that go beyond the purpose of the research. Some of these conditions and regulations (such as protection of

human subjects and animals) are relevant to the funded research but are largely intended to promote secondary purposes. Many others — such as employment laws — are simply expressions of federal policy unrelated to the research to which the college or university must certify awareness and compliance as a condition of receipt of the federal money.

Not all of these requirements apply to every federal program — some apply to grants and not contracts, or vice versa. Some only govern grants or contracts with certain agencies. Determining which regulatory requirements apply to which grants or contracts is one of the many challenges presented by the regulatory maze through which colleges and universities must navigate.

b. Financial Aid

As with research monies, over time the government has added ever more regulatory conditions to the receipt of federal financial aid monies beyond the primary requirement that the money be used to support access to education. The penultimate recent example involves the requirements set forth in Higher Education Opportunity Act of 2008 (“HEOA”), which amends the Higher Education Act of 1965 (“HEA”). Annually, colleges and universities that participate in federal financial aid programs must certify compliance with the HEOA, as amended, and the myriad requirements that it imposes.¹¹ Additional examples of laws and regulations that “follow” financial aid funding are the Clery Act (campus crime reporting) and Title IX (sex discrimination). Each statute creates significant regulatory challenges and each has been recently expanded in scope.

Similar to the conditions associated with research monies, some of the conditions applied to the receipt of financial aid can be said specifically to promote the purpose of the financial aid programs themselves, i.e., financial assistance and access to higher education. Other federal requirements, however, relate only secondarily to the purpose of the federal funding and primarily to other public policy considerations, such as campus safety and non-discrimination.

3. Laws, Regulations and Court Decisions of General Scope with Unique Application to Colleges and Universities

Apart from laws and regulations of specific application to higher education, the courts have addressed how laws of more general scope are relevant to college and university programs, activities, and operations.

a. Equal Opportunity and Non-Discrimination

Beginning in the 1970s, federal laws generally prohibiting discrimination and promoting equal opportunity began to be applied to college and university programs, activities, and operations, including admissions decisions and faculty hiring. This development had the effect, for the first time, of bringing federal agencies and courts into academic decision making. Many of the laws have a unique impact on colleges and universities in view of their educational missions, governance structures, and commitment to academic freedom and institutional autonomy. As a result, they gave rise to the first wave of concern on the part of institutions of higher education that government oversight and intervention might threaten their missions

¹¹ For a succinct overview of HEOA requirements, see HEA 101: What Every President Needs to Know (National Association of Independent Colleges and Universities, http://www.naicu.edu/special_initiatives/HEA101/).

and fundamental values.

b. Court Decisions and the Rights Revolution

Court decisions in the 1960s and 1970s gave students and faculty — particularly at public universities — rights (such as due process and free expression) at the colleges and universities they attended or served. These court decisions effectively “regulated” academic decision making, thus eroding the near-absolute autonomy that had characterized the academy previously. Judicial precedent in turn caused proliferation of internal preventive policies and procedures as institutions sought to clarify rights and responsibilities. The result was a “double whammy” of regulation — court decisions creating rights and setting standards, and colleges and universities self-regulating by adopting new policies and procedures they perceived to be aligned with their new legal obligations.

4. Laws Relating to Governance

Many colleges and universities are either public entities or private non-profit corporations organized under state laws; in either case, they are subject to applicable state laws. Publicly affiliated universities are typically subject to state public access laws, which require open meetings minimally at the board of trustees level, and disclosure of “public” records and documents at the request of any person. Non-profits are subject to regulation by the federal government incident to their Internal Revenue Code status and, in some instances, the state nonprofit corporation law.

The overall impact of these laws has been intensified focus on fiduciary responsibility, accountability, and transparency on the part of university boards and senior administrative officers.

B. HISTORY OF COMPLIANCE PLANS AND PROGRAMS

As discussed above, increased federal funding of higher education over the last several decades has led to a profusion of federal laws and regulations specifically applicable to colleges and universities. With these laws came new enforcement mechanisms, some of which are unique to particular laws and regulations (such as specific administrative and litigation remedies for employment discrimination), and some, such as the False Claims Act, which apply broadly to all federal programs under which higher education institutions receive federal dollars. Other enforcement provisions create private rights of action; and, still others empower the federal government to enforce the new legal requirements, whether by litigation, administrative agency action, or the simple but devastating option of suspending or denying additional federal funding.

The risks to colleges and universities that flow from violating — or being accused of violating — federal requirements are significant. They include the costs of defense, possible fines and penalties, required refunds, payment of damages, and threats to future funding or downgrading bond ratings; they also include even more damaging reputational harm. Although college and university administrators have long been aware of these exposures, and preventive lawyering and compliance have long been practiced by college and university lawyers, for a variety of reasons the establishment of formal compliance programs at colleges and universities is a relatively recent phenomenon.

College and university compliance programs have generally tracked similar efforts in the broader corporate community. Compliance plans for corporations are typically based on the Federal Sentencing Guidelines, which articulate standards and criteria for compliance programs, the implementation of which may be considered as mitigating factors if a corporation is found to have violated criminal laws. The corporate scandals of the early 2000s, including Enron and World Com, gave birth to the Sarbanes-Oxley legislation, which focused even more attention on corporate compliance plans. Compliance policies, plans, and programs are intended, broadly, to promote an organizational culture that encourages ethical conduct and a commitment to compliance with the law.

C. CURRENT AND FUTURE REGULATORY LANDSCAPE IN HIGHER EDUCATION

For the reasons described above, higher education is now an intensively regulated “industry.” This reality raises several questions, most profoundly perhaps those addressing the right balance between costs and benefits, and how best to manage both the intended and unintended consequences of the rights and responsibilities established by legislatures, agencies, and the judiciary.

Currently, there are several governmental and higher education initiatives seeking to identify regulations that create more cost than benefit, or that do not otherwise serve a necessary and vital public policy purpose and should be rescinded or amended. For example, in fall 2013, a group of bipartisan senators formed the Task Force on Federal Regulation of Higher Education (“Task Force”) to examine the nature and extent of federal regulations affecting higher education institutions. The Task Force released its findings in winter 2015.¹² Although its work, along with other efforts, may result in ad hoc modification of specific laws or regulations, the intensity of regulation shows no sign of lessening.

In the private sector, companies have argued vociferously that regulation impairs business efficiency and impedes economic growth. We have not seen the same organized discussion regarding the effects of regulations on colleges and universities and their educational missions, a conversation that might otherwise serve as a catalyst for legislative and regulatory reforms. In short, there is every reason to believe that compliance requirements will present formidable challenges for institutions of higher education for years to come.

¹² The report, *Recalibrating Regulation of College and Universities: Report of the Task Force on Federal Regulation of Higher Education* is available at: http://www.help.senate.gov/imo/media/Regulations_Task_Force_Report_2015_FINAL.pdf .

Appendix C: Bibliography and Compliance Resources

ARTICLES, PRESENTATIONS, AND SPEECHES

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Ethics vs. Compliance: Do We Really Need to Talk about Both?, Ashley Watson, INSIDE COUNSEL (February 2014).

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Higher Education Law and Policy 2.1 – The Rise of the Compliance University, Jonathan Alger, 33rd Annual National Conference on Law and Higher Education, The Center for Excellence in Higher Education Law and Policy Stetson University College of Law (February 20, 2012).

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Internal Audit and Compliance: Let's Get it Together!, Jose Tabuena, COMPLIANCE WEEK (February 2012).

Wearing Two Hats: In-House Counsel and Compliance Officer, Amy E. Hutchens, ASSOCIATION CORPORATE COUNSEL (November 2011).

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Available at: http://www.acua.org/ACUA_Resources/documents/ACUACandUJournalSummer11_Final-Web.pdf.

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BOOKS, PAMPHLETS, AND REPORTS

A WAKE-UP CALL: ENTERPRISE RISK MANAGEMENT AT COLLEGES AND UNIVERSITIES TODAY, Assoc. of Governing Boards of Universities and Colleges (2014).

Available at: <http://agb.org/reports/2014/wake-call-enterprise-risk-management-colleges-and-universities-today>

RISK MANAGEMENT: AN ACCOUNTABILITY GUIDE FOR UNIVERSITY AND COLLEGE BOARDS, Janice M. Abraham, Assoc. of Governing Boards of Universities and Colleges (2013).

ONLINE COMPENDIA

Higher Education Compliance Alliance – Website created by NACUA in partnership with 30 other higher education associations to provide the higher education community with a centralized repository of information and resources for compliance with federal laws and regulations. <http://www.higheredcompliance.org/>. Resources include a Compliance Matrix – <http://www.higheredcompliance.org/matrix/> – which provides a comprehensive list of key federal laws and regulations governing college and universities, and several publications on the goals, elements, structures, and strategies for college and university compliance programs – <http://www.higheredcompliance.org/compliance/goals-elements-structures-strategies.html>.

National Association of Independent Colleges and Universities (NAICU), Higher Education Act 101 – An effort by NAICU to help its members understand and comply with the Higher Education Act. http://www.naicu.edu/special_initiatives/HEA101/. This resource includes a President's Checklist: http://www.naicu.edu/special_initiatives/hea101/about/.

Campus Legal Information Clearinghouse – A collaboration between the American Council on Education and The Catholic University's Office of General Counsel. <http://counsel.cua.edu/>.

ORGANIZATION MEMBER MATERIALS

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ACC's 2012 Compliance and Ethics Training Program – Compliance Program Implementation Checklist.

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BOARD OF REGENTS DOCKET ITEM SUMMARY

Audit & Compliance

February 11, 2016

AGENDA ITEM: Internal Audit Update

Review

Review + Action

Action

Discussion

This is a report required by Board policy.

PRESENTERS: Gail Klatt, Associate Vice President, Internal Audit

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 its reserved authority for oversight of the internal audit function, as outlined in the Audit & Compliance Committee charter.

- Since the last follow-up at the September 2016 meeting, 41% of the outstanding recommendations rated as “essential” were implemented by University departments. This is consistent with the expected implementation rate of 40%, and substantially better than the results from the prior two follow-ups. Six units fully implemented all their remaining “essential” recommendations.
- An updated control evaluation chart is included for each audit to show progress made on the “essential” items.
- Eight audit reports containing 59 recommendations rated as “essential” were issued in the last five months.

BACKGROUND INFORMATION

This report is prepared three times per year and is presented to the Audit & Compliance Committee in conformance with Board of Regents Policy: *Board Operations and Agenda Guidelines*.

Internal Audit Update

University of Minnesota Regents Audit and Compliance Committee
February 11, 2016

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 September 2015

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

Audit Observations/Information

Status of Critical Measures

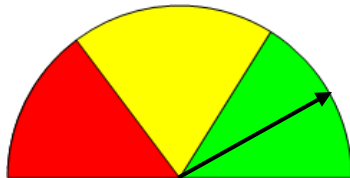
As part of our on-going efforts to provide the Audit and Compliance Committee with critical information in as concise a format as possible, we have developed the following three charts to present a “snap-shot” status report on work performed by the Office of Internal Audit.

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

The second chart, entitled “Progress Towards Annual Audit Plan Completion”, is our assessment of how we are progressing towards completion of the FY 2016 Annual Audit Plan. Readings less than green could be influenced by a variety of factors (i.e. insufficient staff resources; increased time spent on non-scheduled audits or investigations).

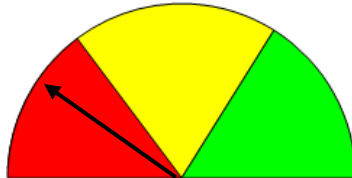
The final chart, “Time Spent on Investigative Activities”, provides a status report on the amount of time consumed by investigative activities. Our annual plan provided an estimated budget for this type of work, and the chart will indicate if we expect that budget to be sufficient. Continued readings in the yellow or red may result in seeking Audit and Compliance Committee approval for modifying the Annual Audit Plan.

Essential Recommendation Implementation



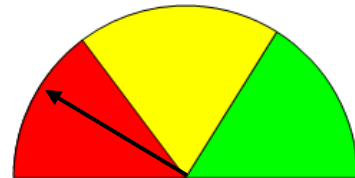
Implementation rates were 41% for the period, slightly better than our expected rate of 40%.

Progress Towards Annual Audit Plan Completion



Time spent to date on the FY 2016 audit plan is less than what was expected and budgeted for the year to date.

Time Spent on Investigative Activities



Time spent on investigative activities and special projects is more than expected and budgeted for the year to date.

Other Items

- Our mid-year analysis of progress being made towards accomplishment of our FY 2016 Annual Audit Plan has identified the need to reduce the number of scheduled FY 2016 audits. This is the result of several factors, including completion of work needing to be done for the Office of the Legislative Auditor and internal investigative work negatively impacting the completion of projects started in FY 2015, the need to expand the scope of several FY 2016 audits to ensure appropriate coverage of high-risk activities (notably Intercollegiate Athletics and Boynton Health Service), and dedicating a significant amount of audit resources to address management requests and other non-scheduled audits.

To bring our Annual Audit Plan back in alignment with the resources available we anticipate the following audits will not be completed:

- School of Dentistry
- Non-Sponsored Accounts Receivable
- CUHCC
- Epidemiology
- Auxiliary Services IT
- MN. DRIVE
- A Review of Faculty Retention Offers, Set-Ups & Awards

The first two audits listed are in our high-risk grouping and will likely be included in the Plan we develop for FY 2017. The remaining audits are in our medium-risk group.

- One of two Financial Audit Managers will be retiring in April, and a Senior Auditor will be leaving at the end of March due to a spousal relocation. We are working to fill those positions as quickly as possible to minimize the impact to our Plan.

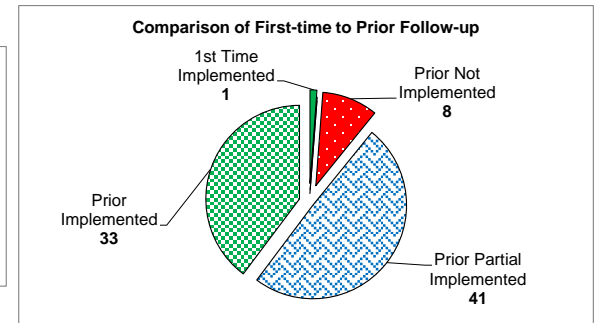
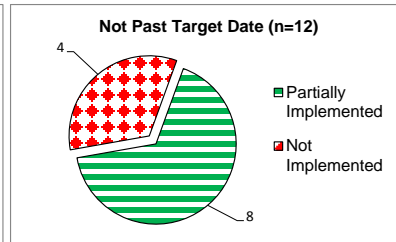
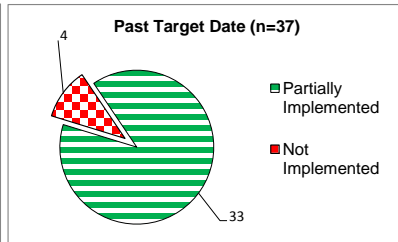
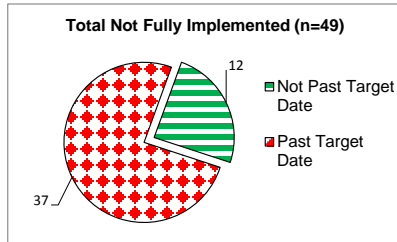
- We assessed the PeopleSoft Upgrade project team's processes to determine whether data migrated accurately and completely from the old version of PeopleSoft (8.9) to the new versions of PeopleSoft (CS 9.0 and EFS/HRMS 9.2). Overall, the teams tasked with data validation demonstrated an awareness of data migration risks and the necessity of testing to ensure the integrity of critical data. In addition, post-go-live validation of financial data was thorough and well documented. Teams responsible for Human Resources and Student records relied on pre-implementation testing and informal reviews conducted post-go-live. While limited documentation was available to support these reviews, risk is reduced for these areas as few discrepancies were observed in the informal HRMS post-go-live testing and no data integrity issues with student records related to the Upgrade have been identified.

Status of "Essential" Recommendations as of January 29, 2016

Report Date	Audit <i>(P) Indicates a University process audit</i>	Original Report Control Rating	# of Essential Recommendations in the Report	# of Essential Recommendations Remaining From Prior Quarter	Current Quarter Results				Overall Progress Towards Implementation*	
					Implemented	Partially Implemented		Not Implemented		
						Not Past Target Date	Past Target Date	Not Past Target Date		Past Target Date
<i>Audits > 2 years old (see the following report for details on unresolved issues)</i>										
Oct-11	UMD School of Fine Arts	Adequate	10	2			2		Satisfactory (1)	
May-13	Travel & Employee Reimbursements (P)	Good	1	1			1		Satisfactory (2)	
Feb-14	University-wide Purchasing Process (P)	Good	2	2			2		Satisfactory	
<i>Audits < 2 years old; have received prior follow-up</i>										
Apr-14	UM - Crookston Campus	Good	6	1	1				Completed	
Jun-14	Identity Management	Needs Improvement	11	4	3		1		Satisfactory	
Jun-14	Parking & Transportation Services	Adequate	10	10	7		3		Satisfactory (3)	
Jul-14	UMD University for Seniors	Good	2	1			1		Satisfactory	
Oct-14	University Recreation and Wellness	Needs Improvement	6	1	1				Completed	
Nov-14	Baseline Tennis Center	Good	2	2	2				Completed	
Jan-15	Athletics Aspire Contract	Adequate	1	1	1				Completed	
Jan-15	Server Room Security	Needs Improvement	17	17	5	2	6	2	2	Satisfactory
Apr-15	Dept. of Ophthalmology & Visual Neurosciences	Adequate	9	8	5		3		Satisfactory	
May-15	Technology Vendor Due Diligence	Needs Improvement	4	4	1	1		2	Satisfactory	
May-15	OIT Server Administration	Good	5	5	1	4			Satisfactory	
May-15	SimPORTAL & CREST	Adequate	3	1	1				Completed	
May-15	Medical School Duluth	Needs Improvement	25	22	5	1	14		2	Satisfactory
<i>Audits receiving first-time follow-up</i>										
Aug-15	Science and Engineering Dean's Office	Good	1	1	1					Completed
Total:			115	83	34	8	33	4	4	

* The following bar charts provide details on progress made towards implementation

- (1): UMD School of Fine Arts (Glensheen) continues to make progress with their inventory, with an expected completion date of May 2016.
- (2): The Controller's Office continues to work toward implementation of a University-wide system to eliminate many cash advances. They expect this solution to be implemented in April 2016.
- (3): PTS made significant progress on outstanding issues since the last follow-up period. However, system limitations still exist that raise PCI compliance questions. PTS is in discussions with the PCI Compliance Office and the University's external Qualified Security Assessor to determine whether existing compensating controls are sufficient or what additional steps should be taken. PTS expects these questions to be answered by May 2016.



"Essential" Recommendation Implementation Trends

Month / Year of Follow-up Report

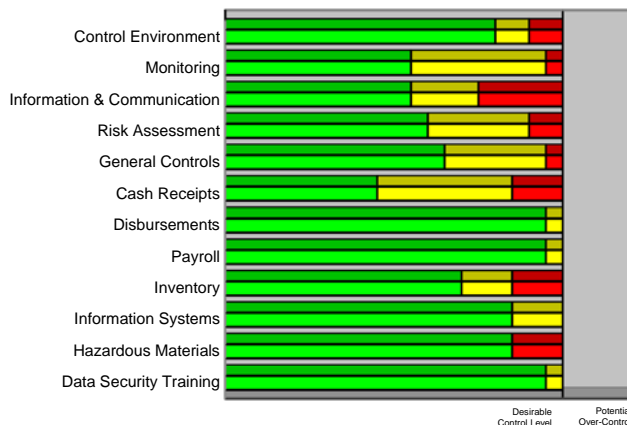
	Feb. 2016	Sept. 2015	June 2015	Feb. 2015	Sept. 2014	June 2014	Feb. 2014	Sept. 2013	June 2013	Average
# of Essential Recommendations Receiving Follow-up	83	98	60	44	53	34	36	64	56	59
# of Recommendations Considered Fully Implemented	34	16	8	16	12	10	13	30	13	17
Implementation Percentage	41%	16%	13%	36%	23%	29%	36%	47%	23%	29%

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

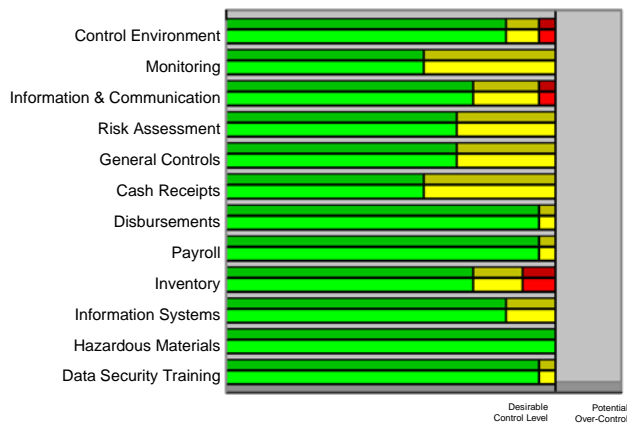
Audit/ Report Date	Status- Partially Implemented (P) or Not Implemented (N)	Senior Management Contact	Summary of the Issue/Risk Involved	Current Comments From Management
UMD School of Fine Arts Oct-11	P	William Payne Bilin Tsai	Glensheen should update and expand its inventory records with the ultimate goal of having a complete record of the entire collection. Periodically, the presence and location of inventory items should be verified on at least a sample basis.	According to the director of Glensheen, the inventory is progressing and continues to expect completion by May 2016.
# of Items 2	P	William Payne Bilin Tsai	Glensheen management should work with Accounting Services to develop procedures for reporting the value of its collection.	According to the director of Glensheen, in the near future the process of selecting an appraiser will begin. He expects there will be little delay between completion of the inventory and the commencement of the appraisal process.
Travel & Employee Reimbursements May-13	P	LaCretia Bell Michael Volna	Disbursement Services should continue their efforts to carefully review all cash advance requests to ensure that alternative methods of payment are not more viable before issuing the cash advance. This might include purchases made via vendor invoice or PCard. The corporate travel card is also an alternative for those travelers who do not have other means of paying for travel. In addition, the Controller's Office, in conjunction with OIB, should explore other options for better accommodating the need for compensating University human subjects.	The review of RFP's has been completed and one supplier of on-demand pre-paid credit cards has been identified for further consideration. A committee of various stakeholders are meeting weekly to address two critical issues impacting implementation: 1) Structure of the program that will ensure the required accessibility, efficiency and controls will be present 2) The supplier's ability to store our accounting chart strings and provide the hierarchical structure in their systems as required by the University. Pending the resolution of these issues, the program is expected to be implemented in April.
# of Items 1	P	Tim Bray Michael Volna	Purchasing Services and the Office for Business & Community Economic Development should work with University senior administration to: <ul style="list-style-type: none"> • Establish appropriate institutional goals and metrics regarding purchases from Targeted Business Groups to ensure the institution is meeting the intent of the Regents Policy. • Implement steps to measure and ensure compliance with MN. Statute 137.31 subdivision 1. 	Purchasing Services and BCED have jointly agreed to establish an FY17 Targeted Business goal of 6% in the Goods and Services area. This would more than double the current targeted business participation. The goal in the Construction arena will continue to be 13%. In addition the dollar threshold used for inclusion of the supplier diversity commitment form on RFP's was lowered to \$50,000 from \$500,000 effective on 1-01-16.
University-wide Purchasing process Feb-14	P	Tim Bray Michael Volna	Purchasing Services should determine reasons for continued non-compliance with this policy and process, and changes to the Price Comparison form should be considered if it is determined form design or content is a factor. Purchasing Services should also evaluate whether the dollar limits established for the requirement of using a Price Comparison form (established nearly seven years ago) are still appropriate.	Purchasing Services and BCED will also put together an outreach campaign to colleges and business units to review University goals in regard to targeted supplier spend, and provide training and tools to enable them to contribute to our goals for spend transactions less than \$50,000. BCED hosted a very successful University of Minnesota Matchmaker event on November 2, 2015 where suppliers and University employees met to discuss opportunities. These new goals and associated activities will facilitate the University meeting the spirit of MN Statute 137.31, subdivision 1. We do currently measure small business usage on an overall University basis, but do not segregate it by the source of funds.
# of Items 2	P	Tim Bray Michael Volna	Purchasing Services conducted our own sampling during the last quarter and agrees that usage of the form remains at an unsatisfactory level. We are currently in the process of evaluating whether an alert can be put into PeopleSoft at the requisitioner level when a form is required. It is clear that the alert put in the tool at the Approver level did not have the intended result. We are also converting the form into a Google form that is easier to complete. This will be reviewed at the next Cluster Director level.	
Total:	5			

The bar charts shown below are presented to provide pictorial displays of the progress units are making on implementing audit recommendations rated as "essential". The bar chart included in the original report is shown in the left column, along with updated bar charts showing the previous quarter and the current status of the "essential" recommendations only (those bars that have red segments). The chart in the center column displays the status as of September 2015, while the chart on the right represents the current status. Charts are not presented for investigations. Charts for those units having implemented all "essential" recommendations during the current quarter are shown at the end of this report.

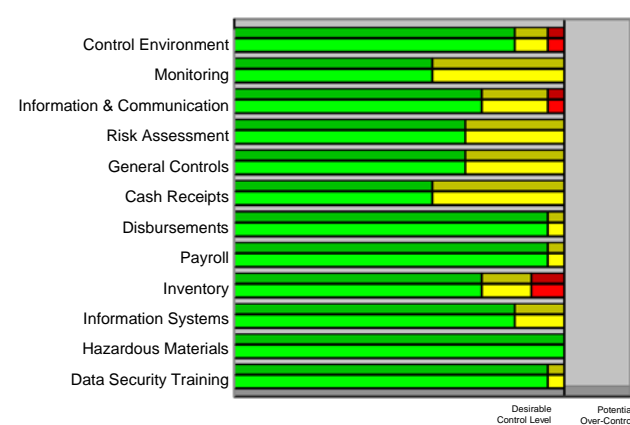
Original Report Evaluation



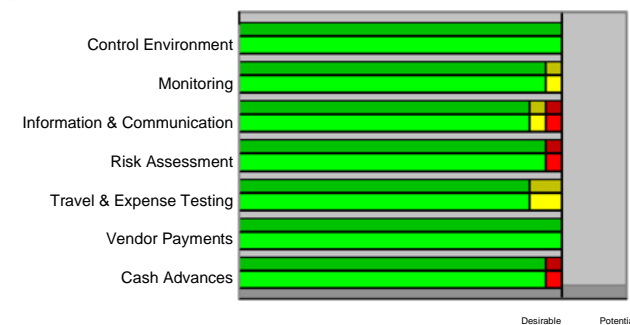
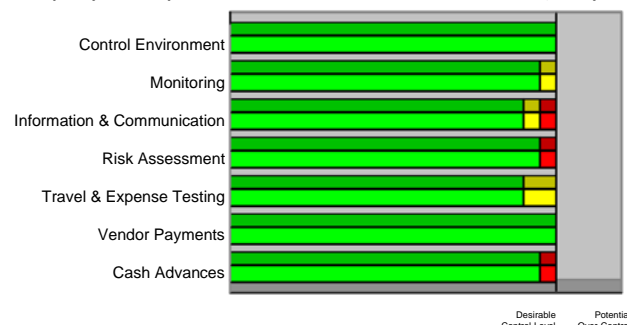
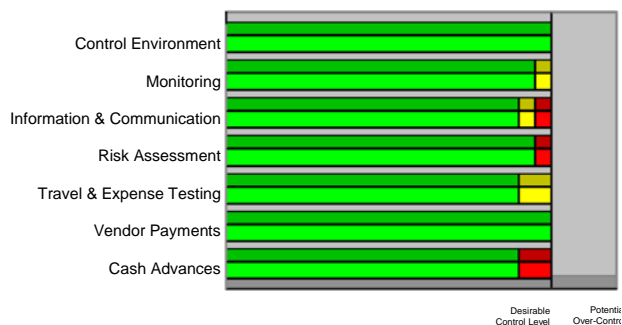
Previous Quarter Evaluation
U of MN Duluth - School of Fine Arts (October 2011)



Current Quarter Evaluation



Travel & Employee Expense Reimbursement Process (May 2013)



■ Adequate Control

■ Significant Control Level

■ Critical Control Level

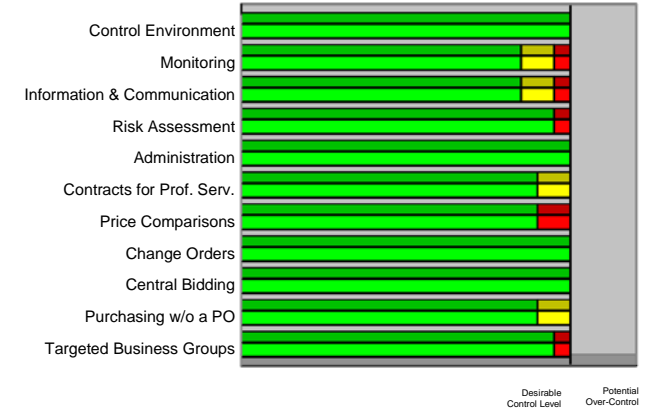
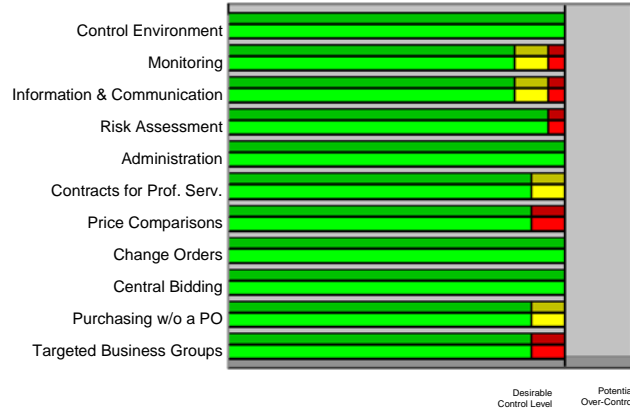
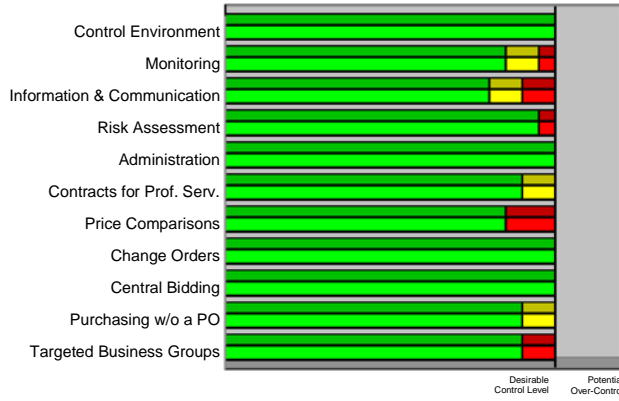
■ Potential Over-Control

Original Report Evaluation

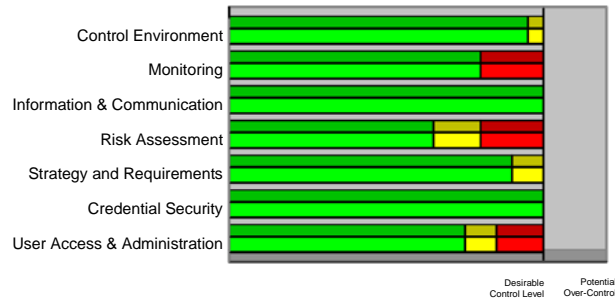
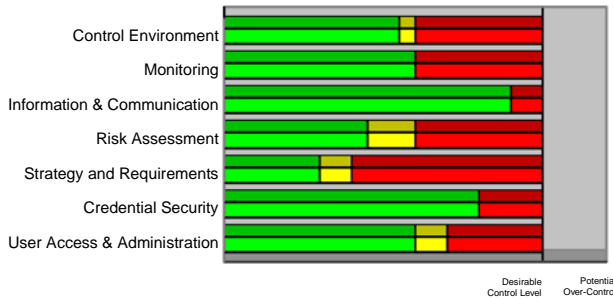
Previous Quarter Evaluation

Current Quarter Evaluation

University-wide Purchasing Process (February 2014)



Identity Management (June 2014)



■ Adequate Control

■ Significant Control Level

■ Critical Control Level

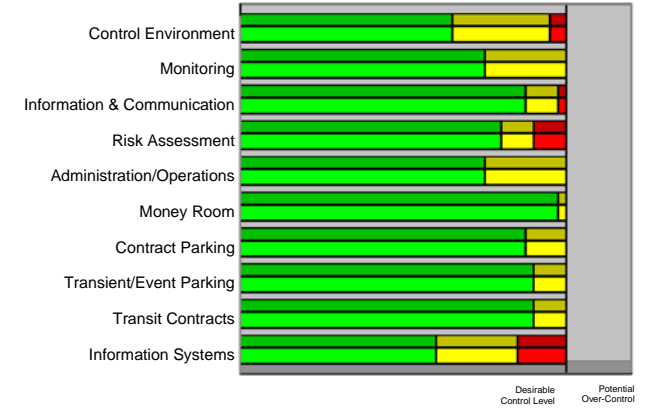
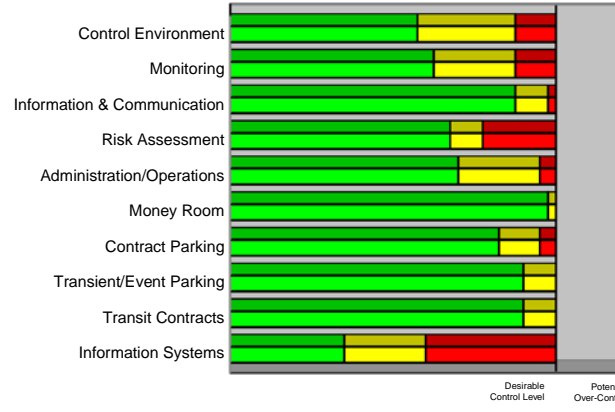
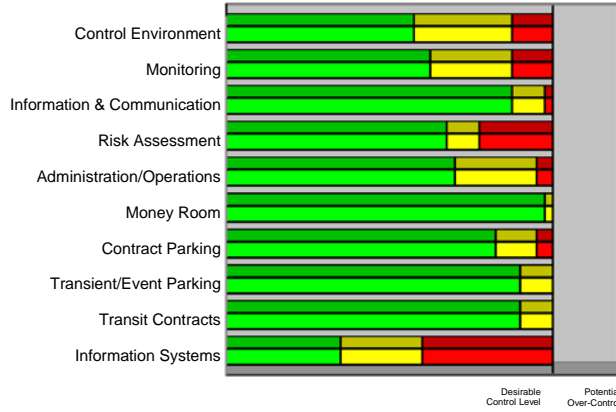
■ Potential Over-Control

Original Report Evaluation

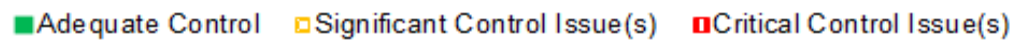
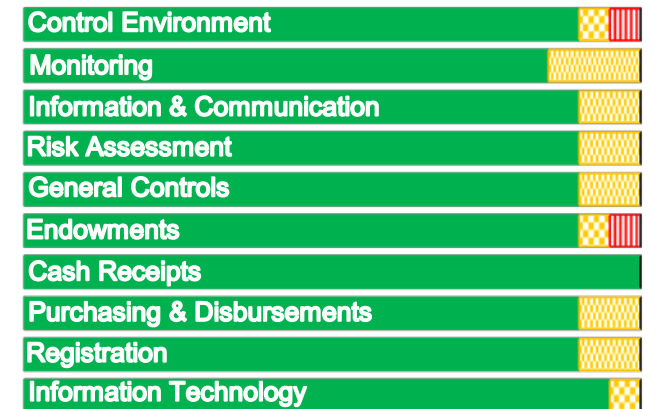
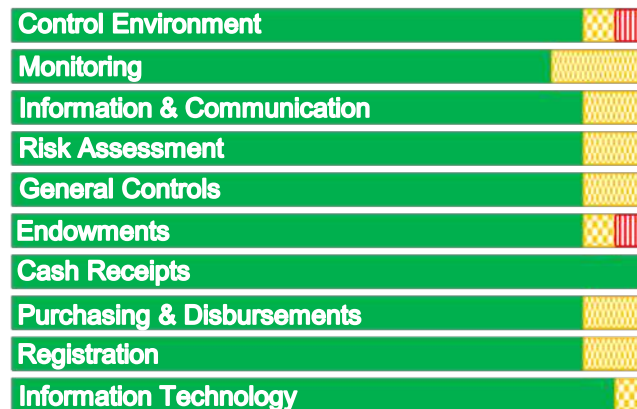
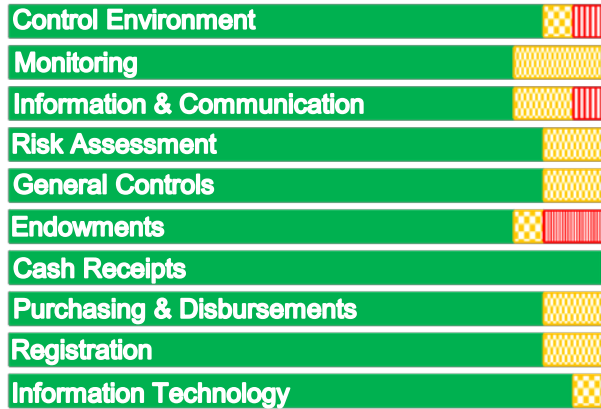
Previous Quarter Evaluation

Current Quarter Evaluation

Parking and Transportation Services (June 2014)



UMD University for Seniors (July 2014)

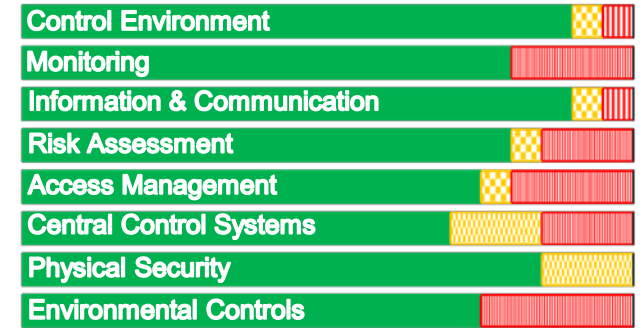
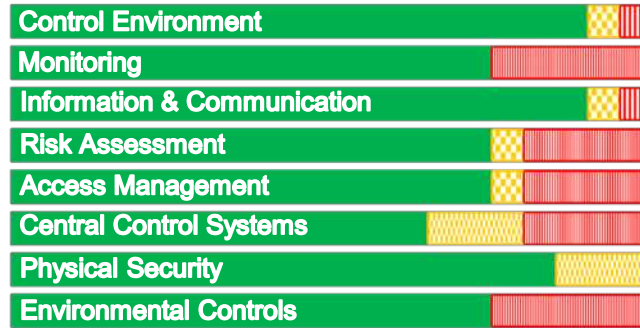
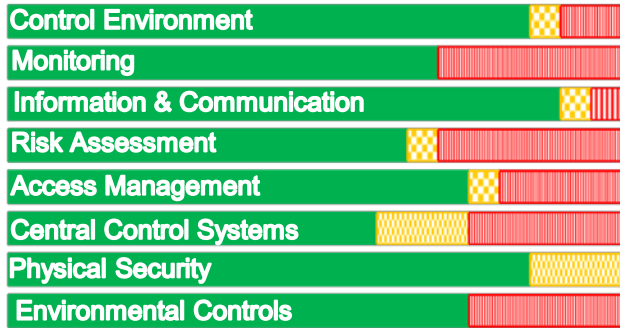


Original Report Evaluation

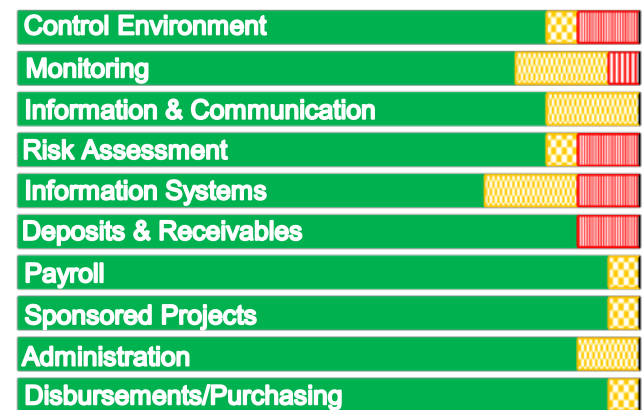
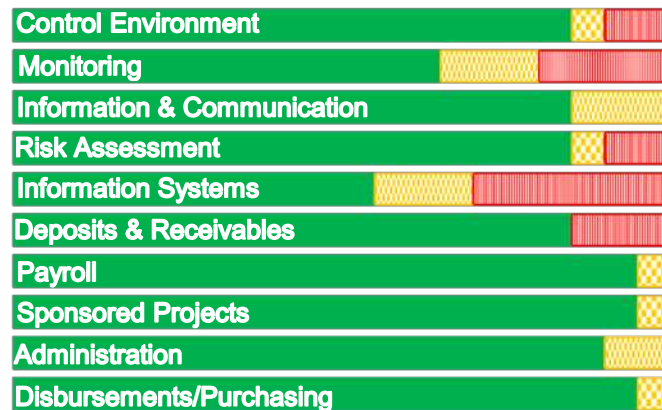
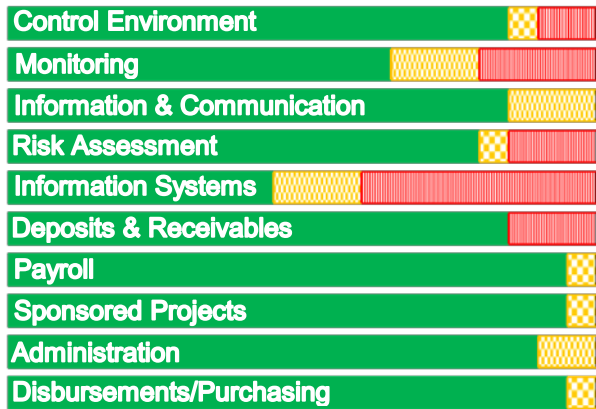
Previous Quarter Evaluation

Current Quarter Evaluation

Server Room Security (January 2015)



Ophthalmology and Visual Neurosciences (April 2015)



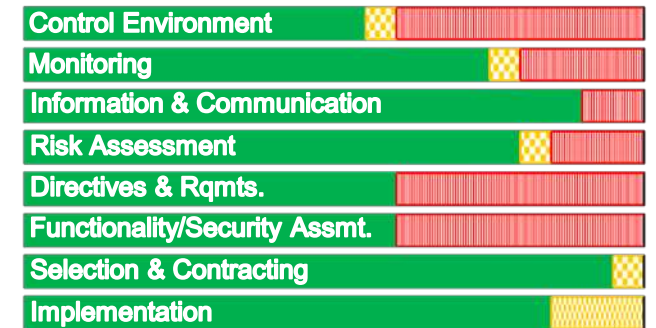
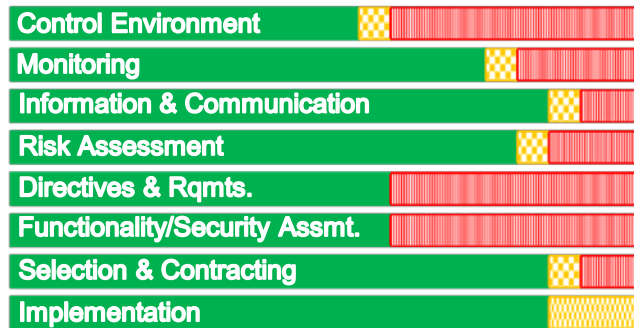
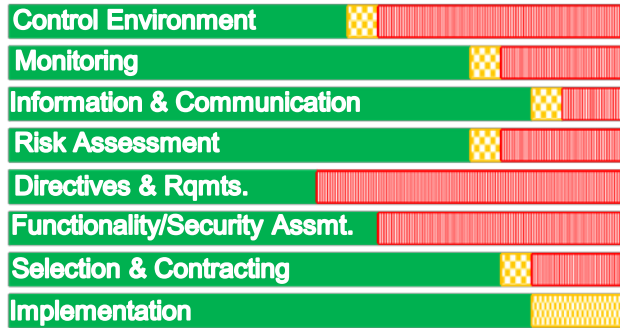
■ Adequate Control ■ Significant Control Issue(s) ■ Critical Control Issue(s)

Original Report Evaluation

Previous Quarter Evaluation

Current Quarter Evaluation

Technology Vendor Due Dilligence (May 2015)



OIT Server Administration (May 2015)



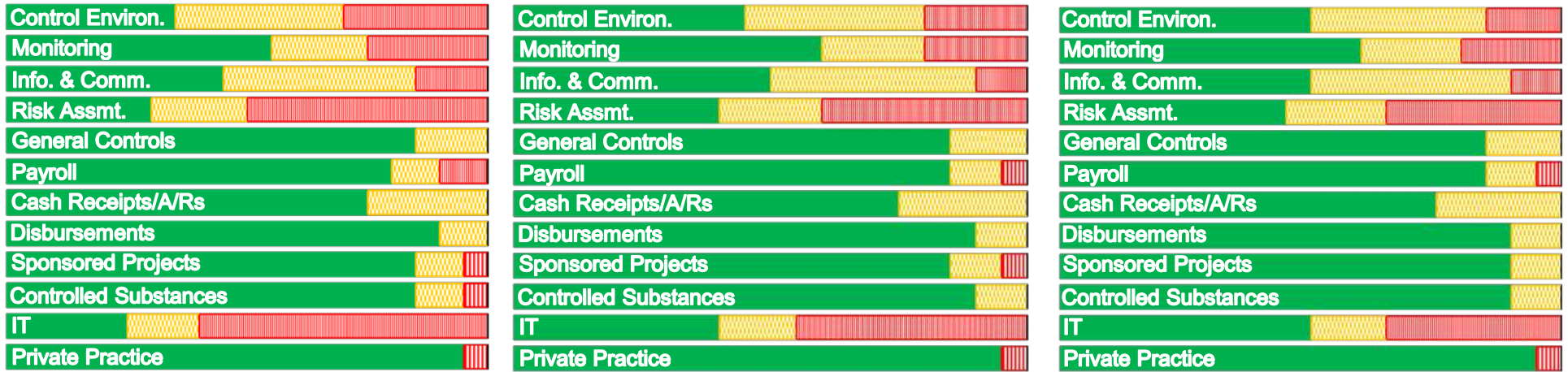
■ Adequate Control ■ Significant Control Issue(s) ■ Critical Control Issue(s)

Original Report Evaluation

Previous Quarter Evaluation

Current Quarter Evaluation

Medical School Duluth (May 2015)



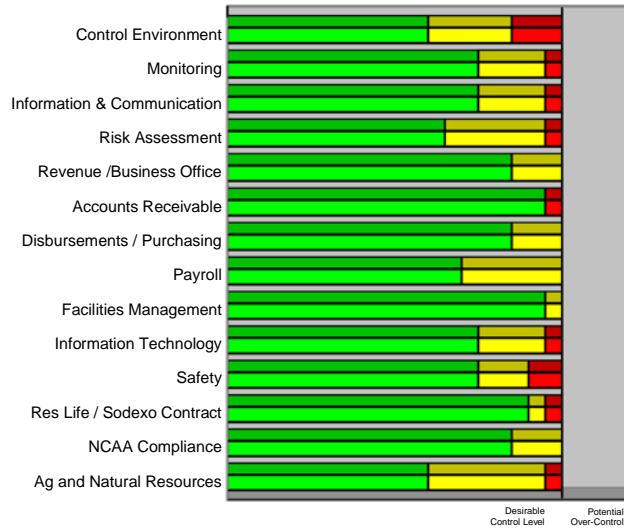
■ Adequate Control ■ Significant Control Issue(s) ■ Critical Control Issue(s)

Units with Charts that Fully Implemented their "Essential" Recommendations During the Past Quarter

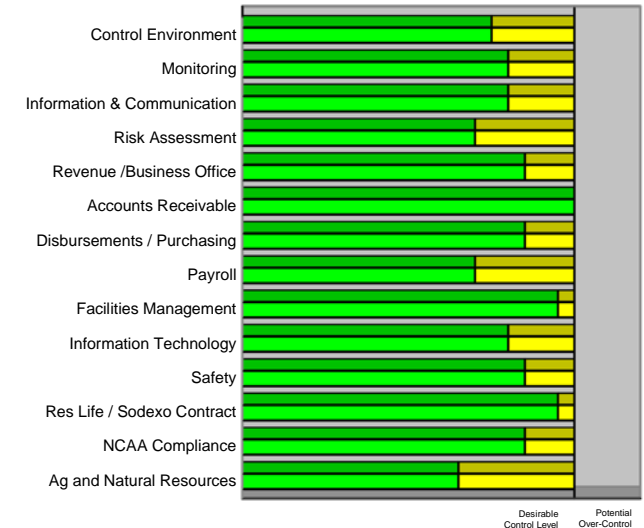
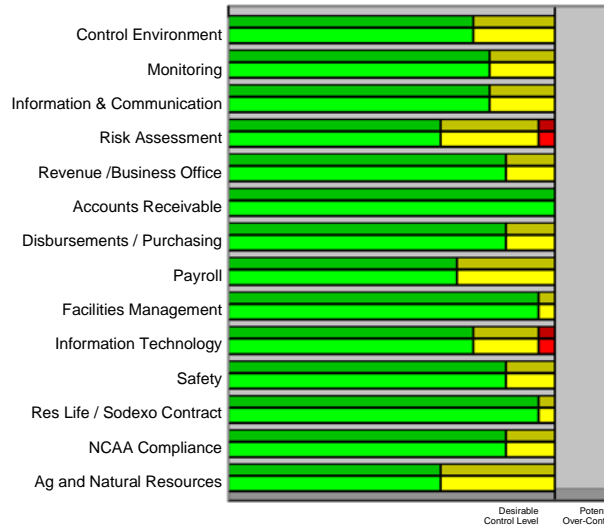
Original Report Evaluation

Previous Quarter Evaluation

Current Quarter Evaluation

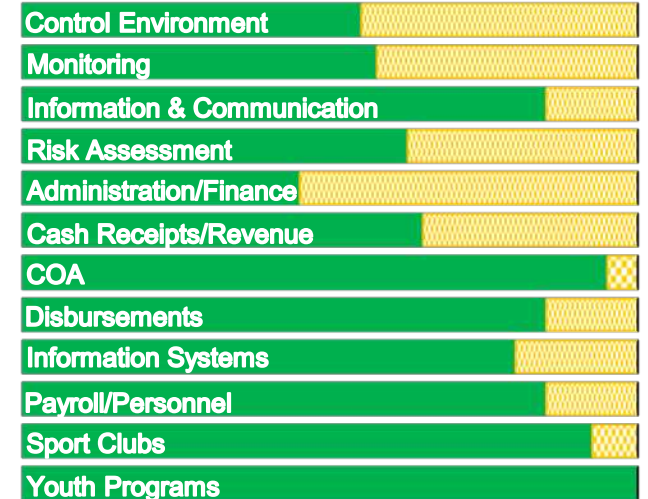
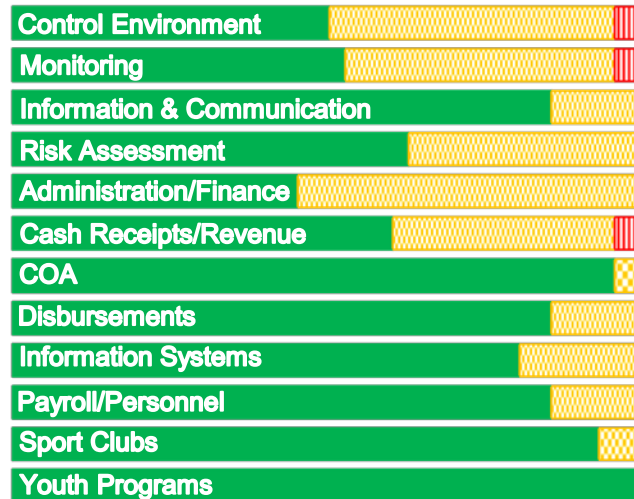
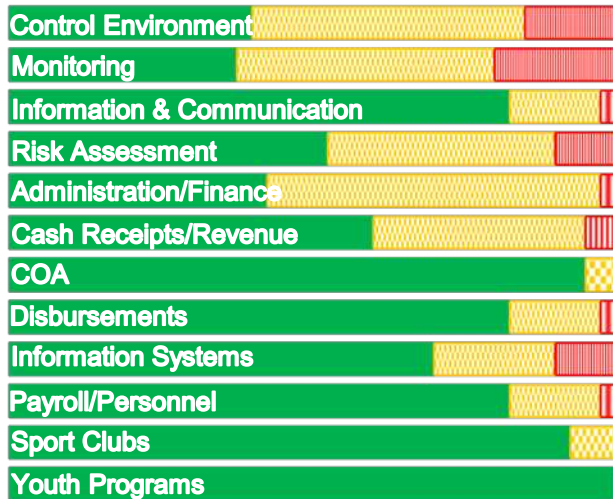


UM - Crookston Campus (April 2014)



■ Adequate Control
 ■ Significant Control Level
 ■ Critical Control Level
 ■ Potential Over-Control

University Recreation & Wellness (October 2014)



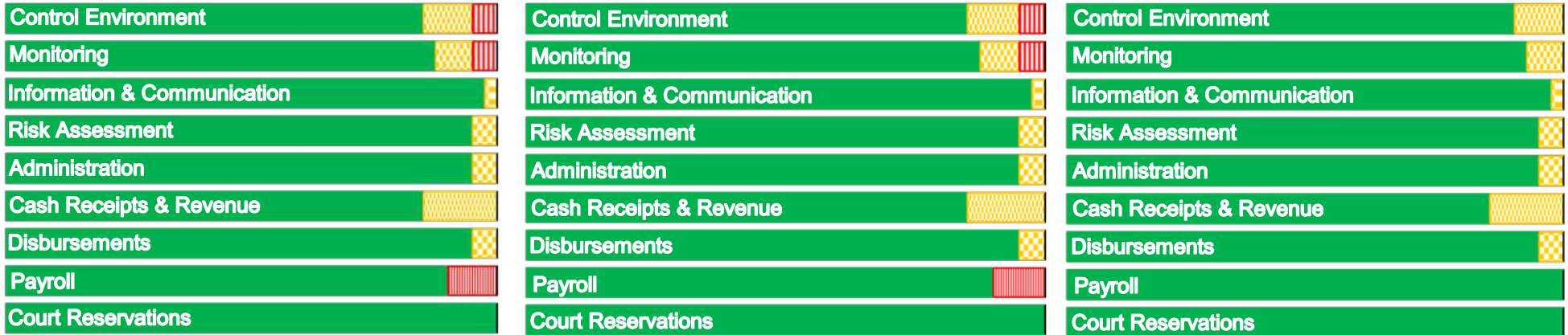
■ Adequate Control
 ■ Significant Control Issue(s)
 ■ Critical Control Issue(s)

Original Report Evaluation

Previous Quarter Evaluation

Current Quarter Evaluation

Baseline Tennis Center (November 2014)



Athletics Aspire Contract (January 2015)



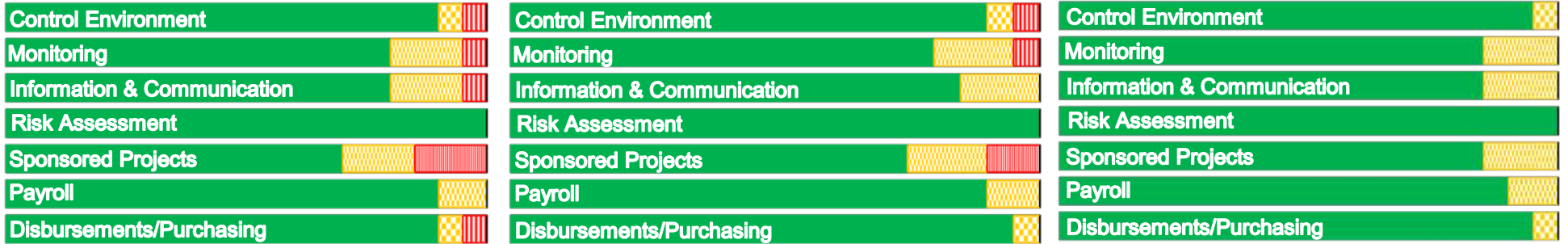
■ Adequate Control ■ Significant Control Issue(s) ■ Critical Control Issue(s)

Original Report Evaluation

Previous Quarter Evaluation

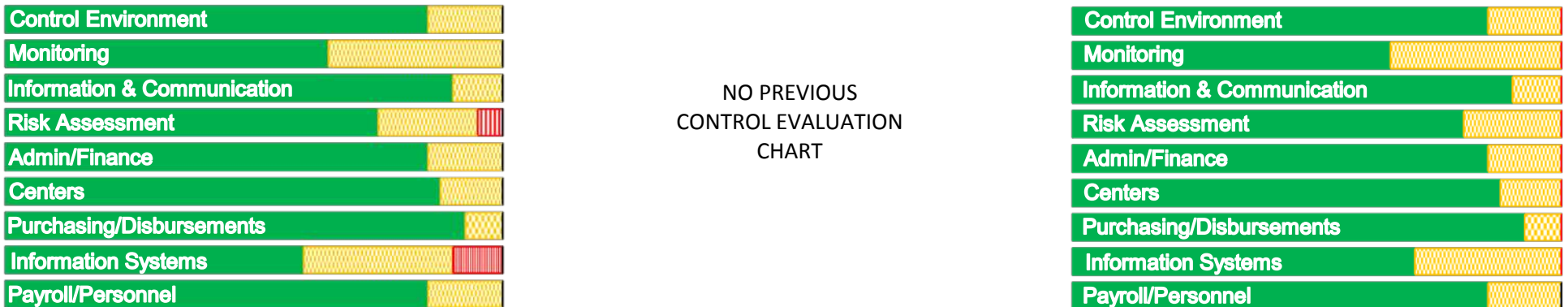
Current Quarter Evaluation

SimPORTAL & CREST (May 2015)



College of Science & Engineering – Dean’s Office (August 2015)

NO PREVIOUS
CONTROL EVALUATION
CHART



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

Audit Activity Report

Scheduled Audits

- Completed audits of the Clinical Translational Sciences Institute (CTSI), the College of Food, Agricultural and Natural Resource Sciences Dean's Office and related centers, UMD Athletics, Athletics Administration, the College of Pharmacy, the College of Design and Boynton Health Service. Details are shown on the following charts.
- Began/continued audits of: 21st Century Development Funds, the Department of Medicine, Intercollegiate Athletics, UMD College of Education and Human Service Professions (CEHSP), NCAA sport compliance (men's and women's basketball), Law School, Department of Electrical and Computer Engineering, Masonic Cancer Center and OIT Database Administration.
- Completed work on data integrity related to the PeopleSoft upgrade.

Non-Scheduled Audits

- Issued a report on an audit of selected University projects funded by state appropriations from the Environment and Natural Resources Trust Fund. This work was requested by the Office of the Legislative Auditor.
- Continued a requested audit of UMD tuition waiver processes.
- Began a review of international admissions processes.

Investigations

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

Special Projects

- Provided consulting services related to University payroll exception testing.
- Provided technology consulting in several areas including the University's IT security policies and HIPAA security.
- At the request of University Services, we coordinated with their units to hire an external consultant to assess current UM policies and procedures used for large energy-based construction projects such as the Combined Heating and Power Plant Project. The consulting firm (Black and Veatch) conducted an on-site review on 8/26-27/15, and their final report was issued on 10/12/15.
- Participated in a review of the institutional compliance program.

Other Audit Activities

- Participated in the following:
 - Senior Leadership Group
 - Operational Excellence Leadership Team
 - President's Policy Committee
 - Policy Advisory Committee
 - Board of Regents Policy Committee
 - Executive Compliance Oversight Committee
 - Institutional Conflict of Interest Committee
 - University of Minnesota Foundation Audit Committee
 - Fairview Health Systems Audit Committee
 - IT Leadership and Operational Excellence Committees
 - Use Case Categorization Scheme Committee
 - Administrative Job Family Study

Audit Reports Issued Since September 2015

Environment and Natural Resources Trust Fund



Report #	1602	Issue Date	Sep-15
# of Essential Recs.	1	Total # of Recs.	6
Overall Assessment	Good	Adequacy of MAP	Satisfactory

This audit included a review and assessment of current operating controls and procedures used by five projects and one land acquisition funded by the Environment and Natural Resources Trust Fund (ENRTF). These projects are administered through the Legislative Citizens Commission on Minnesota Resources (LCCMR). We believe the University projects tested that were funded by the ENRTF operate within control environments and systems of internal control that address most major business and compliance risks. Minor expenses deemed unallowable, per LCCMR guidelines, were inappropriately charged to two projects. Improved processes are needed for ensuring timely submission to the LCCMR of project semi-annual status updates and financial reports.

Clinical and Translational Science Institute

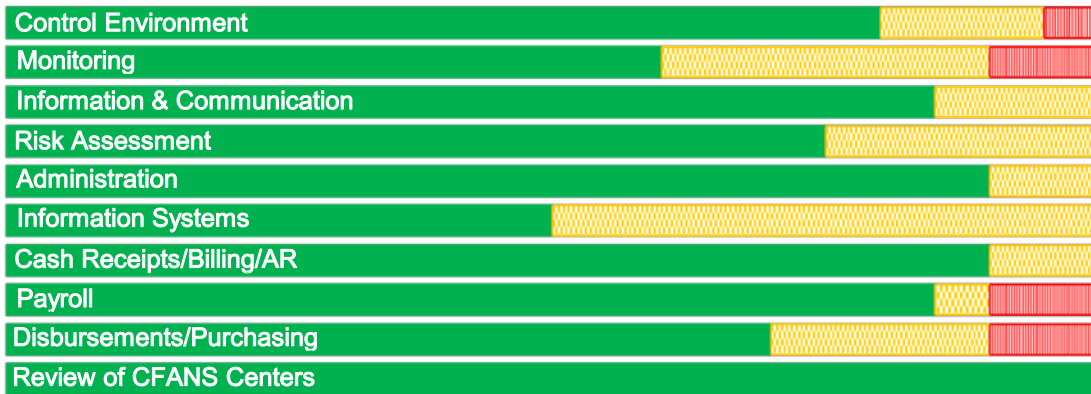


Report #	1603	Issue Date	Sep-15
# of Essential Recs.	4	Total # of Recs.	7
Overall Assessment	Good	Adequacy of MAP	Satisfactory

CTSI is supported in part through the National Institutes of Health Clinical and Translational Science Award (CTSA) program. This \$50 million, five year NIH award runs through February 2016. Recent external risk assessments of CTSI's highest risk information systems identified many key control mechanisms; critical information security control deficiencies were also identified. Improvement is needed in cost share documentation, salary cap management, and creation and implementation of remediation plans for risks identified during external IT assessments. We did not audit clinical trials management, as this is planned to be covered in a more global University-wide review at a later date.

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

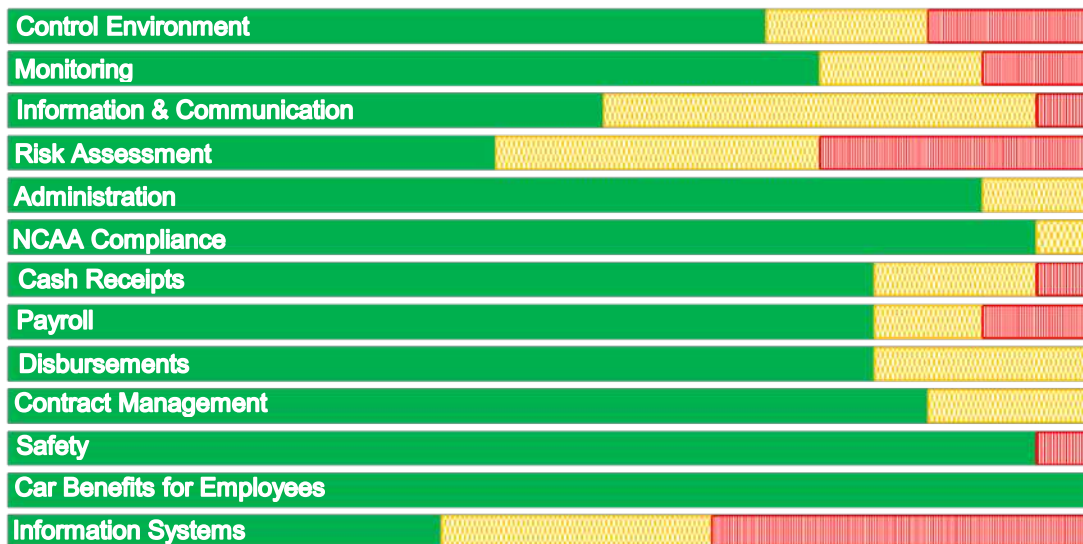
College of Food, Agricultural and Natural Resource Sciences - Dean's Office



Report #	1604	Issue Date	Oct-15
# of Essential Recs.	3	Total # of Recs.	16
Overall Assessment	Good	Adequacy of MAP	Satisfactory

This audit included CFANS Dean's Office, the Minnesota Landscape Arboretum, the Bell Museum of Natural History, and the centers under the Dean's office administration. We believe CFANS has developed a control environment and a system of internal control that addresses most major business and compliance risks; the audit resulted in three issues involving inaccurate payroll transactions and inappropriate travel reimbursements. However, the audit also identified several critical weaknesses related to information technology controls and management at the Arboretum. Despite their criticality, these issues and associated recommendations were rated as "significant," as they primarily impact the Minnesota Landscape Arboretum Foundation, which is a separate entity from the University.

UMD Athletics

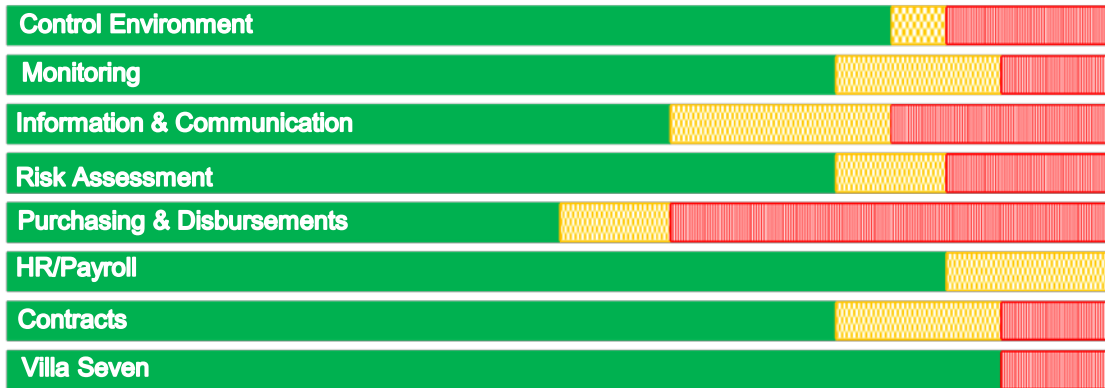


Report #	1605	Issue Date	Oct-15
# of Essential Recs.	12	Total # of Recs.	33
Overall Assessment	Adequate	Adequacy of MAP	Satisfactory

UMD Athletics has a multidivisional athletics program with six men's and eight women's sports teams. Results of the audit work performed show that UMD Athletics has developed a control environment and system of internal control that addresses most major business and compliance risks; however, information technology oversight and control processes need improvement. This lack of adequate oversight of the department's IT operations has resulted in several control weaknesses. Throughout the audit, UMD Athletics was receptive to suggested improvements and has taken prompt action to implement some of the audit recommendations.

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

Athletics Administration



Report #	1606	Issue Date	Dec-15
# of Essential Recs.	7	Total # of Recs.	14
Overall Assessment	Needs Improvement	Adequacy of MAP	Satisfactory

Results of the audit work performed show that Athletics Administration has developed a control environment and system of internal control that addresses much of its more routine business and compliance risks. However, a stronger culture of compliance and setting an appropriate “tone at the top” needs to be established by senior ICA leadership and communicated throughout the organization. Improvement is needed in purchasing, contracting, and disbursement processes. Greater emphasis needs to be placed on compliance with travel policies such as choosing the least costly methods of transportation while meeting schedule and business needs. Similarly, purchasing policies indicate purchasing decisions should be made with the utmost consideration for what is in the best interest of the University, including appropriate stewardship of University assets and accountability to funding sources and stakeholders.

College of Pharmacy



Report #	1607	Issue Date	Jan-16
# of Essential Recs.	5	Total # of Recs.	12
Overall Assessment	Good	Adequacy of MAP	Satisfactory

This audit included both the Twin Cities and Duluth campus locations of the college. Results of the audit work performed show the College of Pharmacy has developed a control environment and system of internal control that addresses most major business and compliance risks. Recommendations rated as “essential” were developed concerning the need for conducting an annual inventory of controlled substances, disposing of controlled substances that are expired and/or no longer needed, and reviewing access to labs that contain controlled substances. Other “essential” recommendations address the need to recover a salary overpayment, and improving faculty and P&A employees vacation reporting and recordkeeping.

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

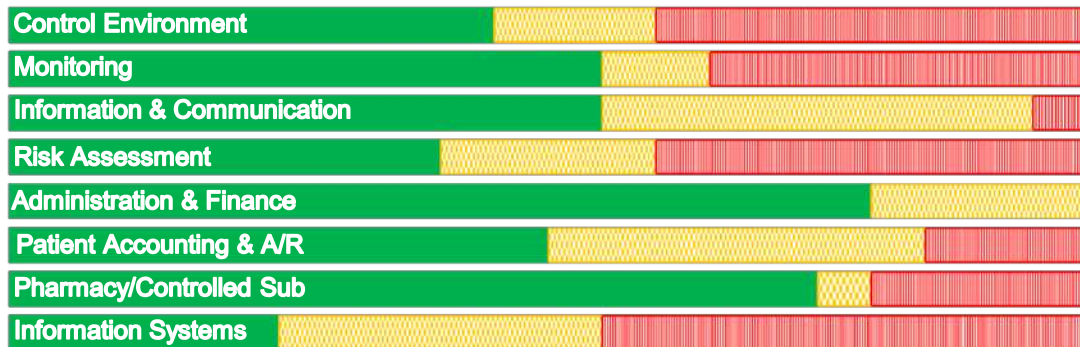
College of Design



Report #	1608	Issue Date	Jan-16
# of Essential Recs.	2	Total # of Recs.	8
Overall Assessment	Good	Adequacy of MAP	Satisfactory

The College of Design includes three academic units: the Department of Design, Housing & Apparel, the School of Architecture, and the Department of Landscape Architecture and is located on both the Minneapolis and St. Paul campuses. Included in our audit was a financial review of the Goldstein Museum of Design, the Center for Sustainable Building Research, and the Metropolitan Design Center. From the results of the audit work performed, we believe the College of Design has developed a control environment and a system of internal control that addresses most major business and compliance risks; however, improvements are needed in time and absence administrators' oversight of delegations and approvals.

Boynton Health Service



Report #	1609	Issue Date	
# of Essential Recs.	25	Total # of Recs.	60
Overall Assessment	Needs Improvement	Adequacy of MAP	Satisfactory

Boynton Health Service (BHS) is the main health provider serving the Twin Cities University community for primary health care and community health. In our opinion, the operational and financial controls and processes related to BHS' operations are generally adequate. However, IT controls and processes need improvement. Several critical issues which could jeopardize the integrity, confidentiality and availability of BHS' systems and data were identified in all major IT control areas for all services and systems supported by BHS IT. These risks are heightened for BHS as nearly all their systems maintain confidential data including PHI. BHS IT is supported by competent and versatile staff, and a high level of satisfaction was reported with their end user support. However, BHS IT's control and management processes are inconsistent and provide insufficient oversight. In addition, BHS has a highly-independent IT department that supports many systems and services. Several of their applications have overlapping functionality, and some of its systems and services are duplicative of University-wide services without adequate rationale. BHS management recognizes the risk associated with these critical IT issues and has begun taking some steps to address them.

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



BOARD OF REGENTS DOCKET ITEM SUMMARY

Audit & Compliance

February 11, 2016

AGENDA ITEM: Information Items

Review

Review + Action

Action

Discussion

This is a report required by Board policy.

PRESENTERS: Gail Klatt, Associate Vice President, Internal Audit

PURPOSE & KEY POINTS

Engagements less than \$100,000 require after-the-fact reporting

The University's Office of Student Affairs (Student Affairs) entered into an engagement with the audit firm of Deloitte & Touche, LLP, (Deloitte), to perform agreed-upon procedures for certain student groups receiving allocations of student fees from the University. Deloitte will perform the agreed-upon procedures on 35 student groups selected by Student Affairs. The results of the procedures will evaluate the allocation of fees to student groups for FY 2015. The fees for this engagement are not to exceed \$75,000. This engagement does not impair the independence of Deloitte & Touche, LLP, as related to an external audit of the University and was approved by the Controller's Office in conformance with Board policy.

BACKGROUND INFORMATION

Engagements with external audit firms that do not require prior approval by the Board of Regents are reported after the fact to the Audit & Compliance Committee as information items, in conformance with Board of Regents Policy: *Audit and Compliance Committee Charter*.