



# Audit & Compliance Committee

September 2020

September 10, 2020

8:00 a.m.

Boardroom, McNamara Alumni Center

## AUD - SEP 2020

### 1. 2020-21 Committee Work Plan

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### 2. External Quality Assurance Review Recommendation Follow Up

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### 3. FY 2021 Internal Audit Plan Update

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### 4. CARES Act Funding Overview

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# BOARD OF REGENTS DOCKET ITEM SUMMARY

**Audit & Compliance**

**September 10, 2020**

**AGENDA ITEM:** 2020-2021 Committee Work Plan

Review                       Review + Action                       Action                       Discussion

This is a report required by Board policy.

**PRESENTERS:** Regent Darrin Rosha  
Gail Klatt, Chief Auditor

## PURPOSE & KEY POINTS

The purpose of this discussion is to review and discuss the committee’s 2020-21 work plan.

## BACKGROUND INFORMATION

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

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

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

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

performance of the internal audit function.

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

(a) Oversight of the Independent Auditor. The independent auditor reports directly to the Board through the Audit & Compliance Committee. The committee shall recommend for Board approval the engagement and related fees of the independent auditor to perform the annual financial statement and federal compliance audits. The committee shall approve in advance all audit and non-audit services provided by the independent auditor with a value greater than \$100,000 or that may impair the audit firm's independence regarding the University. Such impairment of independence is currently limited to prohibited non-audit services as defined in the United States General Accounting Office Government Auditing Standards. Engagements not requiring approval by the Board shall be reported to the Audit & Compliance Committee at the next scheduled meeting of the committee. The committee shall annually review and evaluate the independent auditor's performance, independence, and effectiveness of coordination with other assessment activities, including internal audit.

(b) Oversight of the Internal Audit Function. The Audit & Compliance Committee shall recommend for Board approval (1) the appointment or removal of the chief auditor, (2) changes to the Office of Internal Audit's charter, and (3) any material revisions to internal audit plans or budgets. In consultation with management and the chief auditor, the committee shall review the annual internal audit plan and the extent to which it addresses high risk areas.

(c) Review of Financial Statements. The Audit & Compliance Committee shall review, in advance of final issuance, the proposed formats and wordings of the annual financial report, including the management's discussion and analysis, financial statements, footnotes, statistics, and disclosures.

(d) Review of Audit Results. The Audit & Compliance Committee shall review the internal and external audit results and discuss significant issues of internal control and compliance with the independent auditor, chief auditor, and management. The committee shall monitor management's progress in addressing audit recommendations.

(e) Investigation of Reported Concerns Regarding Accounting or Auditing Matters. The Audit & Compliance Committee shall be apprised of investigations conducted under administrative policy.

(f) Requests for Audits. The Audit & Compliance Committee is authorized to request supplemental reviews or other audit procedures by the chief auditor, the independent auditor, or other advisors.

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

(h) This committee provides additional oversight of compliance initiatives and enterprise risk management processes, including risk identification and mitigation.

This committee also reviews:

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

**Audit & Compliance Committee  
2020-21 Work Plan**

Date	Topics
<b>2020</b>	
September 10-11	<ul style="list-style-type: none"> <li>• <b>2020-21 Committee Work Plan</b> The committee will discuss the work plan agenda items for the 2020-21 meetings.</li> <li>• <b>External Quality Assurance Review Recommendation Follow Up</b> The committee will receive an update on the recommendations from the Internal Audit External Quality Assurance Review that was conducted in FY 2020.</li> <li>• <b>FY 2021 Internal Audit Plan Update</b> This item provides an update on Internal Audit activities, results, and observations, including the status of outstanding audit recommendations. In absence of a plan, the committee will be solicited for input on Internal Audit activities.</li> <li>• <b>CARES Act Funding Overview</b> The University Controller will provide the committee with an overview of the distribution of federal funding provided under the CARES Act.</li> </ul>
October 8-9	<ul style="list-style-type: none"> <li>• <b>Internal Audit Update*</b> This item provides an update on Internal Audit activities, results, and observations, including the status of outstanding audit recommendations.</li> <li>• <b>Institutional Risk Profile: COVID-19 Pandemic Preparedness and Response</b> The committee will review the institutional risk profile and discuss the relationship between the 21 risks and the University’s response to the COVID-19 pandemic.</li> <li>• <b>Overview of Annual Financial Statements Review</b> The committee will receive an overview of the annual financial statements and audit report review process. The item will prepare committee members for the October review of the FY 2020 audited financial statements.</li> </ul> <hr style="border-top: 1px dashed black;"/> <ul style="list-style-type: none"> <li>• <b><i>Review of Annual Financial Statements</i></b> <i>The committee is required to review the annual financial statements prior to their finalization in mid-October. The committee will review the financial statements outside of the meeting and provide feedback to the chair.</i></li> </ul>
December 10-11	<ul style="list-style-type: none"> <li>• <b>External Auditor Report*</b> The purpose of this item is to communicate and discuss the results of the FY 2020 external financial statement and federal award audits.</li> <li>• <b>TBD Compliance Topic</b></li> <li>• <b>Information Items:</b> Institutional Conflict of Interest Report* Semi-Annual Institutional Compliance Officer’s Report* Semi-Annual Controller’s Report*</li> </ul>

2021	
February 11-12	<ul style="list-style-type: none"> <li>• <b>Internal Audit Update*</b> This item provides an update on Internal Audit activities, results, and observations, including the status of outstanding audit recommendations.</li> <li>• <b>External Auditor’s Review of Completed Audit Work*</b> The external audit firm will review the results for the audit and audit-like serves performed since July 2020.</li> <li>• <b>External Audit Plan</b> The external audit firm will present its proposed plan for FY 2021 audit engagement including the financial statement audit and the federal uniform audit.</li> </ul>
May 13-14	<ul style="list-style-type: none"> <li>• <b>Review of External Auditor Relationship and Services Provided</b> This item will communicate and discuss the scope of work and fees paid for all engagements of external auditors for the last fiscal year, and a review of the University’s official external auditor’s performance.</li> <li>• <b>Update on Access Management Audit Findings and Recommendations</b> The committee will receive an update on the remediation of findings from the collaborative assessment performed in FY 2020.</li> <li>• <b>TBD Compliance Program Topic</b></li> <li>• <b>Information Items:</b> Semi-Annual Institutional Compliance Officer’s Report*</li> </ul>
June 10-11	<ul style="list-style-type: none"> <li>• <b>Internal Audit Update*</b> This item provides an update on Internal Audit activities, results, and observations, including the status of outstanding audit recommendations.</li> <li>• <b>Internal Audit Plan*</b> The committee will review and discuss the internal audit work plan for FY 2022.</li> <li>• <b>Information Items:</b> Semi-Annual Controller’s Report*</li> </ul>

*\*Report required by Board policy.*



# BOARD OF REGENTS DOCKET ITEM SUMMARY

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**Audit & Compliance**

**September 10, 2020**

**AGENDA ITEM:** External Quality Assurance Review Recommendation Follow Up

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

*This is a report required by Board policy.*

**PRESENTERS:** Gail Klatt, Chief Auditor

## **PURPOSE & KEY POINTS**

The purpose of this item is to review the recommendations from the January 2020 external quality assurance review of the Office of Internal Audit and actions taken to respond to those recommendations. The committee will also be asked to provide input on additional items raised during the internal self-assessment and external review.

## **BACKGROUND INFORMATION**

The standards set forth by the Institute of Internal Auditors require that the Office of Internal Audit have a continuous internal quality assurance program in place and undergo an external quality assurance assessment every five years. The most recent external review was conducted in January 2020, with the results being reported to the committee at its February 2020 meeting.



**BOARD OF REGENTS  
AUDIT & COMPLIANCE COMMITTEE  
SEPTEMBER 10, 2020  
EXTERNAL QUALITY ASSURANCE REVIEW RECOMMENDATION FOLLOW UP**

The Office of Internal Audit underwent an external quality assurance review in January 2020 as required by the *International Standards for the Professional Practice of Internal Auditing* (the Standards) as promulgated by the Institute of Internal Auditors (IIA). The external review is a significant component of the overall quality assurance and continuous improvement program required for internal audit functions.

An internal self-assessment is performed as part of, and in preparation for, the external review process. The results of the self-assessment were provided to the Audit & Compliance Committee in January 2020, with the external review results presented at the February 2020 Committee meeting.

The self-assessment and external review identified the following opportunities for continuous improvement.

### **External Review**

The 2020 review offered three continuous improvement opportunities:

1. *“OIA is currently short staffed due to an IT auditor vacancy. Any staff vacancies detrimentally impact OIA's ability to achieve the Annual Audit Plan approved by the Board of Regents' Audit & Compliance Committee. It is challenging to find qualified staff as there continues to be high demand for professionals with these skills across all industries. It will be important to monitor salary trends against mutually agreed upon benchmarks. This would facilitate future dialogue to ensure that OIA wages do not fall below market levels which would create further challenges in recruiting and retaining skilled auditors.”*

#### **Actions Taken or Planned**

The Office of Internal Audit has had two market studies done by the University's Compensation & Classification Department over the last five years. These studies have shown that our compensation has lagged approximately 30% below the market. The University plans to complete market studies every year, which will continue to provide us with current market data. In response to the Committee's discussion on this recommendation, we did benchmark our salaries to those paid by the Office of the Legislative Auditor. Salaries between the two Offices were very comparable.

Once the University's hiring freeze is concluded we will resume seeking to fill our IT auditor vacancy and will reassess local market conditions to determine the effect of the pandemic on internal audit compensation and our relative position in the market.

2. *“Development of the University's Institutional Risk List is a best practice which ensures that University management is consistent in its areas of risk focus. However, the magnitude of the teaching and research initiatives at this institution actually reflects layers of key risks within each of the university established 21 risk categories. When OIA maps its annual audit plan to these risks, they should consider adding further descriptions of the major auditable entities/processes associated with each of these risks. This would add clarity as to which aspects of these risks are being covered and also what key risks are not be covered in the Annual Audit Plan.”*

### **Actions Taken or Planned**

This is an excellent suggestion and one which we intended to address in our FY 2020-2021 audit plan, which was deferred due to the pandemic. We plan to include additional information in our annual plan document that will provide more specificity on the scope of audit coverage relevant to the risks included in the Institutional Risk Profile. Feedback from the Audit & Compliance Committee will be appreciated as we experiment with finding the level of detail which adds the most value to the Committee.

- 3. We understand that the University's current strategic planning exercise is expected to be completed within the next year, to be followed by a more robust University-wide initiative labeled "Impact 2025". This could provide the impetus for OIA to embark on a more formal strategic planning initiative. Such an effort would re-validate that OIA's focus is consistent with the University's strategic plan, the Annual Audit Planning process is refreshed, and the Institutional Risk List is further entwined with OIA's planning process.*

### **Actions Taken or Planned**

As we have done in the past, as the University's Strategic Plan – M pact 2025 - is implemented and initiatives undertaken, the Office of Internal Audit will incorporate the Plan's Commitments, Goals, and Actions into our annual and engagement planning. This involves capturing the spirit of the Strategic Plan and its overarching principles and goals in our work, as well as ensuring audit coverage of the specific actions being taken to advance these goals.

## **Items for Which Committee Input and/or Direction is Requested**

### **Inclusion of Low Risk Activities in Audit Plans**

The external review team provided the internal audit staff with additional suggestions which we have addressed in our internal procedures and audit work flow. One suggestion, however, warrants input from the Audit & Compliance Committee.

The review team suggested that **“In light of the magnitude and significance of the institution's risk profile, further consideration should be given as to whether OIA Annual Audit Plans include audit projects for which the operational risk is considered “low.” OIA time/effort spent focusing on low risk units/processes restrict the amount of time available to address areas of higher risk.”**

We have historically included a small number of low risk units in our annual plan because we believe if all units feel subject to audit it provides a deterrent effect. Inclusion of specific units is usually at the request of the administration because of some particular concern, transition, etc. These audits typically do not require a significant amount of time. In 2020, of the 177 auditable units within the University, 45 were considered low risk – or 25%. This percentage has been relatively consistent over the last 5 years, ranging from 25-30%.

If the Audit & Compliance Committee feels that we should reserve our resources for higher level risk areas and should forego coverage of those presenting lower risks, we can adjust our planning parameters accordingly.

## Non-Compliance Identified in our Self-Assessment

Our internal self-assessment identified one “Gap to Conformance” involving consulting work. IIA Standard 1000.C1 states, “The nature of consulting services must be defined in the internal audit charter.” We do not address consulting services in our internal audit charter as the Board of Regents Audit & Compliance Committee has historically not been supportive of OIA doing consulting work as it is defined by the Standards. In subsequent discussion with Committee leadership it was suggested that we review this issue with the Audit & Compliance Committee to gauge its current sentiment regarding inclusion of consulting services in the internal audit portfolio.

The IIA Standards address two discrete types of internal audit services: 1) assurance services and 2) consulting services. The Standards provide requirements applicable to each of these services.

Assurance services are defined as those that involve the internal auditor’s objective assessment of evidence to provide opinions or conclusions regarding an entity, operation, function, process, system, or other subject matters. **The nature and scope of an assurance engagement are determined by the internal auditor.** Generally, three parties are participants in assurance services: (1) the person or group directly involved with the entity, operation, function, process, system, or other subject matter — the process owner, (2) the person or group making the assessment — the internal auditor, and (3) the person or group using the assessment — the user, which includes the governing board.

Consulting services are those that are advisory in nature and are generally performed at the specific request of an engagement client. **The nature and scope of the consulting engagement are subject to agreement with the engagement client.** Consulting services generally involve two parties: (1) the person or group offering the advice — the internal auditor, and (2) the person or group seeking and receiving the advice — the engagement client.

The fundamental differences between the two types of services are: 1) who establishes the scope of the engagement, 2) who receives the results of the work, and 3) whether follow up is performed for the recommendations made. In the case of assurance services, the internal auditor sets the scope of the engagement, the reporting of results follows reporting lines up to the governance board, and follow up is required. In the case of consulting services, the client sets the scope of work and results are provided only to the client. Follow up is generally not performed for consulting engagements unless specifically requested by the client.

**Past Audit & Compliance Committee members have expressed a strong preference that internal audit resources be devoted to assurance services in service to the Board of Regents and the administration.**

Although consulting work is not defined in the Audit Charter it would not preclude such work from being performed if deemed meritorious by the Committee. If undertaken, these engagements would be executed consistent with the underlying IIA Standards.

The Office does perform special project/unplanned audit work that arise from requests from the administration. The engagements are conducted as assurance engagements. We also periodically perform advisory work at the request of the administration. This work is generally very limited in its focus and the time required.

Inclusion of consulting engagements into the internal audit portfolio would have a direct impact on the resources available for the completion of assurance audits.

# External Quality Assurance Review Recommendation Follow Up

Gail Klatt

Board of Regents Audit & Compliance Committee, September 10, 2020



# External Review Recommendations

- Benchmarking and monitoring internal audit salaries relative to market.
- Provide more specificity on audit coverage of risks included in the Institutional Risk Profile.
- Undertake a strategic planning effort to align audit emphasis with Mpact 2025.



# Inclusion of Low Risk Units in Annual Audit Plans

- The review team suggested that consideration be given to whether low risk activities warrant inclusion in the annual audit plan.
- 25-30% of auditable units are considered to be low risk.
- Inclusion provides a deterrent effect.
- Should we continue our current practice?

# Consulting Engagements

- The Office of Internal Audit currently does not include consulting services in its portfolio of services.
- Assurance engagements versus consulting engagements
  - Who defines the scope of the engagement
  - Who receives the results of the engagement
  - Is follow up performed

# Consulting Engagements

- Previous Audit & Compliance Committees have expressed a lack of support for use of limited audit resources for consulting engagements, strongly preferring resources be devoted to assurance work.
- Does the Committee have an interest in having the Office of Internal Audit carry out consulting engagements?







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# BOARD OF REGENTS DOCKET ITEM SUMMARY

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**Audit & Compliance**

**September 10, 2020**

**AGENDA ITEM:** FY 2021 Internal Audit Plan Update

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

*This is a report required by Board policy.*

**PRESENTERS:** Gail Klatt, Chief Auditor

### **PURPOSE & KEY POINTS**

The purpose of this item is to discuss current audit activities and consider additional audits for this fiscal year, in absence of a formal FY 2021 Internal Audit Plan. The item will address:

- an overview of audit work in process;
- audit subjects that are under consideration to be initiated within the next six months; and
- audit subjects being considered for later in the fiscal year.

The committee will also have the opportunity to provide input into the direction of audit activities and deployment of audit resources.

### **BACKGROUND INFORMATION**

The Office of Internal Audit prepares an internal audit work plan annually, which is reviewed with committee at its June meeting. In the spring of 2020, it was agreed that the development of the annual work plan would be deferred in light of the COVID-19 pandemic, and that the committee would receive regular updates on Internal Audit activities, results, and observations.

**University of Minnesota - Office of Internal Audit  
List of Audits in Process (September 2020)**

<b>Audits Currently in Process*</b>
Central Application Change Management
Anatomy Bequest Program
Department of Pharmacology
Executive and Dean Expenses
Gift Testing
NCAA Baseball and Softball
Pre-Paid Debit Card Program
Retirement Plans Asset Transfer
Southern Research and Outreach Center
UMarket
UMN Duluth Labovitz School of Business and Economics
UMN Duluth Student Life Administration
University Health and Safety

<b>SNAP Reviews Currently in Process</b>
27 <sup>th</sup> Pay Period
Civil Service/Labor Represented Furlough Hours
Faculty/P&A Pay Reduction
Sponsored Cost Transfers

\*Audits in process as of docket submission; some Audits may be completed prior to the Committee meeting.

**University of Minnesota - Office of Internal Audit  
List of Potential Audits (September 2020)**

Potential FY2021 Audits: Next Six Months	Notes
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**COVID Related Audits:**

CARES Act	Compliance and distribution of student and institutional funds
COVID Research	Adherence to University procedures and regulatory requirements
BHS Telehealth Security and Compliance	Security of systems and compliance with State regulations based on patient location
Families First Coronavirus Response Act (FFCRA)	Compliance and use of program that extends FMLA for specific COVID reasons
I-9 Deferred Document Review	Compliance with employee verification documentation requirements during the pandemic
Effort Reporting of Idle Time	Financial impacts and compliance with Federal Sponsors' allowance to pay idle employees' salaries with sponsored funds due to the Pandemic
Sunrise Plan Compliance (Research & Operational Units)	
Student Refunds	Refunds for housing, dining, course fees, student fees, parking, etc.
UMarket Office Supplies Shipped to Homes	University procedure and tax compliance for home office supplies

**Emerging Compliance Audits:**

CSE NIST 800-171 Compliance	Federal regulation related to expected IT controls for some federally funded projects and data
Immigration Visa and Permanent Residence Process	Collaborative assessment of policy, processes, and support for immigration Visas and Permanent Residence applications
Section 117 Reporting of Foreign Contracts & Gifts	Compliance with expanded Federal regulation focused on higher education institutions

**Routine Unit and Process Audits:**

SVP for Finance and Operations Transition Review	
Dean of College of Education and Human Development Transition Review	
College of Science and Engineering - Deans Office	
GLBA Compliance	Gramm-Leach-Bliley Act (GLBA) Safeguards Rule requires the University of Minnesota to implement safeguards to ensure the security and confidentiality of certain non-public customer information
Internally Awarded Lab Research	

Energy Management/BSAC/Power Plant	
Minnesota Supercomputing Institute (MSI)	
Northrop Concerts and Lectures	
Parking and Transportation	
Real Estate	
UM Duluth Health Services	
UM Duluth Human Resources	HR processes handled by Duluth HR centrally for the campus

Potential FY2021 Audits: Beyond Six Months	Notes
COVID Lab Testing MN State Grant Financial Management	
Retirement Incentive Option (RIO) Rehiring	
Hiring Freeze Compliance	
Athletics Financial Constraints/Reductions	Systemwide review of financial impacts of the pandemic
Conflict of Interest Reporting Accuracy	
OIT Identity and Access Management (Remediation Follow-up)	
Canvas/Unizin	Review of security and control processes of Canvas, the University's web based Learning Management System (LMS), and the associated service provide Unizin (a higher education consortium)
Housing and Residential Life	
Person of Interest (POI) Management	Review of POIs who are people who have an association with the University and are assigned accounts for system access, but are not employees or students
Neurology	

# FY2021 Audit Plan Update

Gail Klatt, Chief Auditor

September 10, 2020



# Audit Planning Background

- Audit plan normally developed in Spring and presented in June
  - Not conducted due to COVID pandemic
- 13 audits are currently in process
- Developed list of 22 potential audits for possible initiation in the next six months
  - Categorized by: COVID Related, Emerging Compliance and Routine Unit and Process Audits

# Audits Currently in Process

Central Application Change Management

Anatomy Bequest Program

Department of Pharmacology

Executive and Dean Expenses

Gift Testing

NCAA Baseball and Softball

Pre-Paid Debit Card Program

Retirement Plans Asset Transfer

Southern Research and Outreach Center

UMarket

UMN Duluth Labovitz School of Business and Economics

UMN Duluth Student Life Administration

University Health and Safety





# Proposed Audits Next Six Months – COVID Related

CARES Act

COVID Research

BHS Telehealth Security and Compliance

Families First Coronavirus Response Act (FFCRA)

I-9 Deferred Document Review

Effort Reporting of Idle Time

Sunrise Plan Compliance (Research & Operational Units)

Student Refunds

UMarket Office Supplies Shipped to Homes



# Proposed Audits Next Six Months – Emerging Compliance Audits

CSE NIST 800-171 Compliance

Immigration Visa and Permanent Residence Process

Section 117 Reporting of Foreign Contracts & Gifts

# Proposed Audits Next Six Months – Routine Unit and Process Audits

SVP for Finance and Operations Transition Review

Dean of College of Education and Human Development Transition Review

College of Science and Engineering Deans Office

GLBA Compliance

Internally Awarded Lab Research

Energy Management/BSAC/Power Plant

Minnesota Supercomputing Institute (MSI)

Northrop Concerts and Lectures

Parking and Transportation

Real Estate

UM Duluth Health Services

UM Duluth Human Resources



# Questions?





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# BOARD OF REGENTS DOCKET ITEM SUMMARY

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**Audit & Compliance**

**September 10, 2020**

**AGENDA ITEM:** CARES Act Funding Overview

**Review**

**Review + Action**

**Action**

**Discussion**

*This is a report required by Board policy.*

**PRESENTERS:** Sue Paulson, Controller

## **PURPOSE & KEY POINTS**

The purpose of this item is an overview of the understanding and planning related to federal Coronavirus Aid, Relief, and Economic Security (CARES) Act Funding received by the University.

The CARES Act provided economic assistance funds across the country. The relief funds were distributed via various federal agencies; the University of Minnesota received several portions of those funds.

An oversight team was put in place to guide actions, escalate decisions, and create consistency in application and documentation.

# CARES Act Funding Overview

Understanding, Planning & Oversight  
Audit & Compliance Committee  
September 10, 2020



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# Understanding

- The CARES Act provided funds to federal agencies for distribution
  - Serve various purposes, have different programs and engage with different stakeholders
  - Implementations & funding methodologies differ
    - Department of Education - formula based on students, application & certification process prior to receiving the funds
    - Health & Human Services - formula based on prior year Medicare fee for service revenue for general allocation, first payment sent out prior to application & certification process
  - Intent to get funds out
  - Report and documentation details out after the funding push



# CARES Act Funds University System

## Department of Education Higher Education Emergency Relief Fund Awards

<b>Campus</b>	<b>Student Awards</b>	<b>Institutional Awards</b>	<b>Targeted NASNTI</b>	<b>Targeted AANAPISI</b>	<b>Total HEERF Awards to UMN</b>
UMNTC	\$12,897,062.00	\$12,897,061.00		\$106,690.00	\$25,900,813.00
UMR*					\$0.00
UMC	\$432,077.00	\$432,077.00			\$864,154.00
UMD	\$3,726,976.00	\$3,726,975.00			\$7,453,951.00
UMM	\$717,277.00	\$717,277.00	\$166,642.00		\$1,601,196.00
<b>System Totals</b>	<b>\$17,773,392.00</b>	<b>\$17,773,390.00</b>	<b>\$166,642.00</b>	<b>\$106,690.00</b>	<b>\$35,820,114.00</b>

*\*Included in TC Allocation \$683,611 allocated from UMNTC to UMR for Student Awards and Institutional Awards*

NASNTI = Strengthening Native American-serving Nontribal Institutions

AANAPISI = Strengthening Asian American and Native American Pacific Islander-serving Institutions

# Student Awards Progress

- Results as of August 19, 2020
- Systemwide planning and discussions
- Progress check-ins with each campus

<b>Campus</b>	<b>Total HEERF Student Awards</b>	<b>Awarded</b>	<b>Percent Awarded</b>
UMNTC	\$12,555,257.00	\$11,581,462.00	92.2%
UMR	\$341,805.00	\$321,808.00	94.1%
UMC	\$432,077.00	\$432,077.00	100.0%
UMD	\$3,726,976.00	\$3,286,342.00	88.0%
UMM	\$717,277.00	\$717,277.00	100.0%
<b>System Totals</b>	<b>\$17,773,392.00</b>	<b>\$16,338,966.00</b>	<b>92.0%</b>

# Institutional Awards Progress

- Drawn and fully allocated to each campus prior to June 30
- Following National Association of College & University Business Officers (NACUBO) guidance related to *foregone revenue*
  - *foregone revenue caused by campus closures and the necessary move to online instruction. Foregone revenue results from refunds made to students for housing, food, or other services that could no longer be provided as a result of coronavirus closures.*
- Specific units that incurred the foregone revenue received the funds

<b>Campus</b>	<b>HEERF Institutional Awards</b>
UMNTC	\$12,555,256.00
UMR	\$341,805.00
UMC	\$432,077.00
UMD	\$3,726,975.00
UMM	\$717,277.00
<b>System Totals</b>	<b>\$17,773,390.00</b>

# Targeted Awards Progress

- UMM \$166,642 - NASNTI = Strengthening Native American-serving Nontribal Institutions
  - Drawn and fully allocated to Morris prior to June 30
  - Used as an institutional award
  
- UMNTC \$106,690 - AANAPISI = Strengthening Asian American and Native American Pacific Islander-serving Institutions
  - Have not drawn the funds
  - Working with the Office of Equity and Diversity on how to use the funds

# Other funds made available via CARES Act Funds

- Health & Human Services - *estimated \$888,300 (phase I)*
  - Community-University Health Care Center, Dentistry, Speech-Language-Hearing Sciences, Boynton Health Services
  - To providers who bill Medicare fee-for-service in order to provide financial relief during the coronavirus (COVID-19) pandemic
  - Phase II recently announced, team working on understanding the details
- Corporations for Public Broadcasting - \$112,136
  - KUMD Radio Station
  - To public media stations to alleviate the severe decreases in underwriting and donations resulting from the economic impacts of the coronavirus.

# Other funds made available via CARES Act Funds

- Department of Transportation - Met Council *estimated \$1,000,000*
  - Parking & Transportation Services for the Intercampus Bus Program
  - Subrecipient of Met Council's larger transit CARES Act funding
  - Used for PPE and cleaning supplies for buses/bus stops, fuel and transit service contracts
- Minnesota Department of Human Services - \$25,500
  - University of Minnesota Childcare Development Center
  - For costs to implement state and federal public health guidance related to COVID-19

# Planning

- Established an oversight group with key stakeholders from University Finance, Provost Office, Student Finance, Controllers' Office & Internal Audits
- Intended to create common processes and understanding of requirements and path for escalation of key decisions
- Identification of potential issues for collective management
- Met with each system campus leadership
- Expanded scope as made aware of other CARES Act funds
- Creation of the logistics - draws, invoices, accounting, documentation, etc.

# Oversight

- Ensure terms, conditions and certification reviewed by OGC, signed by appropriate institutional official
- Plug into existing business processes or created consistent process
  - OneStop application page for each campus
  - New processes documented
- Creation of auditable documentation
- Understanding the reporting and compliance
  - Student Portion - award reporting, Schedule of Expenditures of Federal Awards (Single Audit), Annual Report (TBD)
  - Institutional Portion - Schedule of Expenditures of Federal Awards (Single Audit), Annual Report (TBD)
  - Provider - TBD
  - Compliance - how funds spent, no double dipping/double counting