



Audit & Compliance Committee

December 2020

December 10, 2020

8:00 a.m.

Videoconference



November 20, 2020


The Audit and Compliance Committee of the Board of Regents
University of Minnesota
1300 South Second Street
Minneapolis, MN 55455

Dear Members of the Audit and Compliance Committee of the Board of Regents:

We have performed an audit of the consolidated financial statements of the University of Minnesota (the "University") as of and for the year

Summary of Other Services in 2020 (Cont.)

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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

OMB Uniform Guidance audit required for entities with federal expenditures Federal 

Summary of Other Services in 2020 (Cont.)

Procedures performed for the University of Minnesota

Appendix A – Accounting Estimates and Key Audit Risks (Cont.)

	Audit Procedures	Management's Assertions
Valuation of alternative investments (significant risk)	<ul style="list-style-type: none">• Read the valuations provided by external	

- We have not had any disagreements with management related to matters that are material to the University's 2020 financial statements.
- We are not aware of any consultations that management may have had with other accountants about auditing and accounting matters during 2020.
- Throughout the year, routine discussions were held, or were the subject of correspondence, with management regarding the application of accounting principles or auditing standards in connection with transactions that have occurred, transactions that are contemplated, or reassessment of current circumstances. In our judgment, such discussions or correspondence were not held in connection with our retention as auditors.
- Throughout the year, routine discussions were held, or were the subject of correspondence, with management. In our judgment, such discussions or correspondence did not involve



Deloitte.

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Independent Accountant's Report on Applying Agreed-Upon Procedures

Management of the University of Minnesota
1300 South Second Street
Minneapolis, MN 55454

We have performed procedures enumerated below, which were agreed to by the University of Minnesota Controller's Office, on the University of Minnesota's (the "University") compliance with Chapter 69, Article 1, Section 5, Subd. 4 Special Appropriations, (e) University of Minnesota and Mayo Foundation Partnership of the Laws of Minnesota. The University of Minnesota Controller's Office is responsible for the University's compliance with Chapter 69, Article 1, Section 5, Subd. 4 Special Appropriations, (e) University of Minnesota and Mayo Foundation Partnership of the Laws of Minnesota. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures

Partnership of the Laws of Minnesota, noting policies and procedures were in place and appropriately applied based on the understanding we obtained.

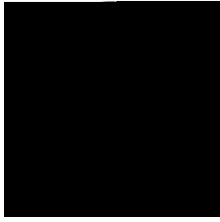
This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the University's compliance with Chapter 69, Article 1, Section 5, Subd. 4 Special Appropriations, (e) University of Minnesota and Mayo Foundation Partnership of the Laws of Minnesota. Accordingly, we do not express such an opinion or conclusion. 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 information and use of the University, the University's Board of Regents, and authorized representatives of the State of Minnesota, and is not intended to be and should not be used by anyone other than these specified parties.



September 17, 2020

Recipient	Affiliation
Jang, Mi Hyeon	Mayo
LeBien, Tucker	U of MN
Montgomery, Jacob	U of MN
Moran, Steven	Mayo
Murphy, Richard	*
Naqwi, Amir	*
O'Brien, Timothy	*
Otto, Neil	*
Paule, Jill	*
Rodriguez Porcel, Martin	Mayo
Roeser, Dave	*
Singh, Bhairab	U of MN
Smoot, Rory	Mayo
Steinborn Timob	





Potential Future Audits

COVID Related Audits:

Families First Coronavirus Response Act (FFCRA)

I-9 Deferred Document Review

Student Refunds

COVID Research

Routine Unit and Process Audits:

GLBA Compliance

Internally Awarded Lab Research

Energy Management/BSAC/Power Plant

Minnesota Supercomputing Institute (MSI)

OIT Server Administration

Parking and Transportation

Real Estate

UMN Duluth Health Services

Audit No Longer Being Pursued

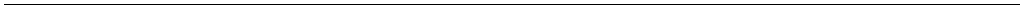
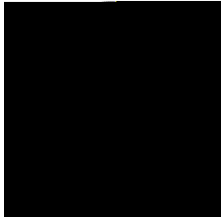
Sunrise Plan Compliance (Research & Operational Units)

2021

Internal Audit Update*

External Auditor's Review of Completed Audit Work*

External Audit Plan



Board Operations and Agenda Guidelines.

Agenda Guidelines

Board Operations and

2020 Institutional COI Report to Board of Regents

December 10, 2020

In 2020 the Conflict of Interest (COI) Program received 94 Financial Disclosures for University Officials (FDUO), a 100% compliance rate.

reviews of six Phase I clinical trials involving University licensed intellectual property. Five of the trials involved cancer treatment and one Covid-19. The Panel approved conflict management plans that enabled the conduct of each of the six trials at the University.

The Panel also approved one conflict management plan for a college Dean that enabled him to serve as a compensated, non-voting advisor on a company board of directors.

The COI Program conducted its annual review of financial relationships the University has with business entities that fall into two or more of the following areas: technology commercialization licenses, gifts to the University of Minnesota Foundation, vendor contracts, and sponsored research. The COI Program did not identify any relationships that compromise the integrity of University research, teaching, outreach, and other mission-related activities.

CARES Act

The eStore expands the options available to departments for receiving payment and provides a self-service web store with shopping cart functionality. Customers may add items to a shopping cart and pay for them with credit/debit card. The eStore:

- Is a cloud-based solution hosted by a third-party;
- Provides departments a method of accepting credit/debit card payments without the need to separately establish and maintain an ecommerce web site;
- Helps departments meet customer demand to make payment via credit/debit card;
- Reduces the number of merchant accounts that need to be set up and maintained;
- Reduces PCI DSS compliance efforts;
- Streamlines the collection of payments and recording these transactions to the general ledger.

Since May 2020, over 5,400 orders have been processed for \$410,000 in revenue.

The Governmental Accounting Standards Board (GASB) has issued the following accounting and reporting standards. In conjunction with these standards, in May 2020, the GASB issued GASB

use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The scope of the University's leases as both a lessor and lessee are under review. At this time, the expected substantial impact to the University's financial statements is to involve real estate structured leases. Due to the volume of leases across the University, implementation will require the identification of new software to aid in the tracking and reporting of lease transactions. The provisions of GASB 87 are now effective for the fiscal year ending June 30, 2022.

In August 2018, the GASB issued Statement No. 90 (GASB 90), *Majority Equity Interests, an amendment of GASB Statements No. 14 and No. 61*. This defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if the University's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held for fiduciary purposes or in an endowment. Analysis of the standard has been preliminarily completed and no impact to the University's financial statements has been identified. The provisions of GASB 90 are now effective for the fiscal year ending June 30, 2021.

In May 2019, the GASB issued Statement No. 91 (GASB 91), *Conduit Debt Obligations*. This provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice. These objectives are achieved by clarifying the definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The provisions of GASB 91 are effective for the fiscal year ending June 30, 2023

In January 2020, the GASB issued Statement No. 92 (GASB 92), *Omnibus 2020*. GASB 92 enhances comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASBs. The provisions of GASB 92 are now effective for the fiscal year ending June 30, 2022.

In March 2020, the GASB issued Statement No. 93 (GASB 93), *Replacement of Interbank Offered Rates*. This statement addresses the replacement of interbank offered rates (IBORs) with other reference rates. As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form. The provisions of GASB 93 are effective for the fiscal years ending June 30, 2021 through 2023, depending on the applicable section of GASB 93.

In March 2020, the GASB issued Statement No. 94 (GASB 94), *Public-Private and Public-Public Partnerships (PPPs) and Availability Payment Arrangements*. PPPs are arrangements in which public services are provided by conveying control of the right to use a nonfinancial asset for a period of time in an exchange transaction. An APA is an arrangement in which the University would compensate an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange transaction. The provisions of GASB 94 are now effective for the fiscal year ending June 30, 2023.

In May 2020, the GASB Statement No. 96 (GASB 96), *Subscription-Based Information*

rules and regulations. The Board of Regents and the Office of EOAA maintain policies and a robust program including training of all employees and students that implement commitment to preventing sexual misconduct and effectively respond when it occurs. The University designates a Title IX office on each campus responsible for addressing sexual misconduct at each location. The Program conducts periodic Sexual Misconduct public awareness campaigns aimed at students and communication sent to employees. This, as well as recent social movements, may be a contributing factor to the number of sexual misconduct reports managed by the office doubling over the past three years. In addition, an external audit completed in 2017 found that the University provides substantial due process protections that far exceed the due process protections of other similar institutions.

EOAA employs twelve (12) employees, including attorneys, directly performing compliance-related activities with a total salary of \$907,000. Additionally, approximately 100 employees maintain some responsibility for implementing system wide University policy requirements related to sexual misconduct. In addition, all employees have responsibility to report and complete sexual misconduct training. EOAA will direct a review of the Title IX office by an outside contracted agency every five years starting in 2021 and at the time of this report the cost of that review is yet to be determined. A 60 minute training module was launched in 2018 with expectation of 100% University employee completion. Henceforth, all new employees are required to complete the training. The cost for that training module is \$259,000.



UR U c a b-based reporting service. This reporting service is provided by an independent company that provides similar services for other companies and universities. UReport is intended to be used to report violations of local, state and federal law as well as violations of University policy. This reporting system is not intended to be used to report concerns or issues for which the University is not responsible. Reporters may submit reports by either a toll-free phone number or via the web. UReports can be submitted anonymously. Those who submit reports are expected to report concerns in a a b a c a U a a a

		January 1, 2020 to June 30, 2020
Total Reports		112
Reviews Pending Completion		9 (8.0%)
Reviews Completed		103 (92.0%)
	Substantiated	14 (12.5%)
	Unsubstantiated	89 (79.5%)

UReports by Category (January 1, 2020 – June 30, 2020)

