Consultative Committee

Campus Governance

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Consultative minutes 02/28/2013

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Committee members present: Co-chairs Brook Miller and LeAnn Dean, Jim Barbour, Chad Braegelmann, Joey Daniewicz, Molly Donovan, Jim Hall, Nancy Helsper, Bonnie Tipcke, Zach Van Cleve, Heather Waye

Guest: Colleen Miller

Discussion on Internal Audit

Colleen Miller and Jim Hall were invited to talk with the committee about the recent internal audit which took place between October 2012 and January 2013. Miller explained that the difference between an internal and external audit is for an external audit the U hires an outside firm to review its financials. An internal audit is conducted by University staff auditors. They are cyclical reviews that each campus is required to do every 5 years. Our last one was in 2007. An audit is based on risks, and information is gathered to determine both how the University of Minnesota is doing overall as well as how a specific campus is doing based on risk factors in 3 areas: financials, operations, and compliance. Auditors look at one year's worth of activity. In our case, it was October 1, 2011 through September 30, 2012.

There are 3 phases in the audit process.
   a. Planning: this includes a survey of employees to gather information
   b. Detailed testing: auditors take information they've been given and follow transactions through the system to see that they are being processed like we say they are. For example, they might take a specific cash deposit or employee expense report and see if all the proper steps have been taken and if they are done in a timely manner.
   c. Reporting: this will tell us how well we've complied or where we need improvement. There is an Audit Recommendation Rating System that includes 3 levels: essential, significant, and useful.

Two weeks prior to their visit, the auditors sent us a list of items we needed to provide for them. On the financial side, this included things like a list of key personnel and the delegation of their authority; policies that differ from those on the Twin Cities campus; contracts, leases, loans, etc.; reports such as the accreditation report; and sponsored projects. On the information system side of things, they wanted to know about what applications we are running; where key computer equipment is housed; where we store credit card data; info about desktop support and Active Directory; and our plans for the future.

The auditors were on campus between October 29 and November 1, 2012. Prior to testing, they set up individual meetings with the chancellor, vice chancellors, directors, and others. They asked about major changes since our last audit in 2007, if policies and procedures are in place, and if there are any issues.

A handout of Issues and Recommendations from the 2007 audit was distributed. Overall, it was not an atypical audit. It was recognized that some things could be done better. Miller came to UMM in 2008 to help work on some of the financial issues through an agreement with UMTC Budget Office where they paid her salary for the first 3 years. Hall pointed out that under the Information Systems section, several of the items with an essential rating had a 3 year lag between the time the previous director resigned and Hall was hired.

Another handout comparing the control evaluations between the 2007 and the current audits shows that we have come a long way in improving our operations. UMM's final 2012-2013 report had no essential findings. It is very rare to have an audit with NO essential findings, but that is what happened. This is the first time UMM has achieved this.

A handout of Issues and Recommendations for the 2013 audit lists 13 items where some improvements can be made. The auditors were very meticulous and itemized small things that might have been the result of idiosyncrasies, not crossing all the t's and dotting all the i's, or maybe finding a sole example of a problem.

There are some things that do require attention such as doing cash receipts in a more timely manner and making sure everyone has performance evaluations (some people have never had one).

A final handout of Issues and Recommendations for Information Technology was distributed. It included two items along with recommendations and the audit plan/response for each.
1. Management of applications housed at UMM needs to be strengthened
2. Improvements are needed in workstation configuration

Hall said not everything needs a high level of control and that many of the applications having the biggest impact on us are managed by the Twin Cities. However, to ensure applications have a consistent risk management, UMM will establish a process where application owners can identify the risk profile of their application indicating the impact of a failure against its likelihood and steps will be taken accordingly.

UMM has improved the way we buy computers for staff and almost all computers are either Dell or Apple. This has helped ensure that all new equipment goes through a standard configuration process. Approximately 82% of UMM's PCs are now on Active Directory. This does not include student lab computers which are considered low risk. Active Directory allows updates to be done centrally rather than relying on individuals to do them. However, Hall emphasized that this is not a "Big Brother" type of thing as some people have feared. Since none of these issues and recommendations has an 'essential' rating, we are not bound to report back every three months, so we have time to address them.

Hall would like to get endorsement of the IT steps, especially regarding Active Directory, from campus governance. This committee will discuss it further at our next meeting.

Submitted by,

Bonnie Tipcke