REGENTS COMMUNICATION

Item for Information

Subject: Report of University Internal Audits
              October – November 2011
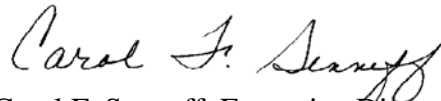
Background:

This is the report of the Office of University Audits activities for the period **October – November 2011**. The summaries of audits contained in this report were previously reported to members of the Regents' Finance, Audit, and Investment Committee and included in discussions at Committee meetings.

Included in this report:
- Summaries of each audit report issued during the period, including Management's Plan to enhance specific control processes discussed with the audit client and presented in the report.
- Summaries of follow-up review reports issued during the period, including the actions taken by Management. Follow-up reviews are designed to give assurance that Management's Plan for corrective action has been implemented and controls are working appropriately.
- A report on the status of follow-up reviews as of **November 30, 2011**.

If you have any questions or would like additional information, please contact me at 647-7500 or by e-mail at csenneff@umich.edu.

                        Respectfully submitted,

                        Carol F. Senneff, Executive Director
                        University Audits

ORIGINAL REPORTS

Campus

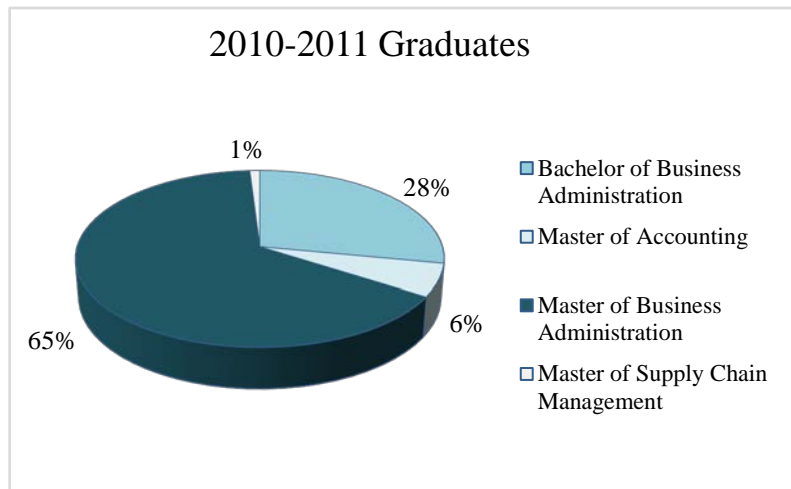Ross School of Business   #2011–202
Report issued October 19, 2011

The Ross School of Business (Ross or the School) has been recognized as one of the top ten business schools by many news organizations, including the *Wall Street Journal*, *US News and World Report*, and *Bloomberg/BusinessWeek*. Ross offers an undergraduate program, six masters programs, and a doctorate program. Courses at Ross are available in nine academic divisions: Accounting, Business Economics and Public Policy, Business Information Technology, Finance, Law History and Communication, Management and Organization, Marketing, Operations and Management Science, and Strategy. Approximately 1,200 students graduated from the Ross School of Business during the 2010–2011 academic year. The following chart displays the make–up of this class.

Note: The Master of Business Administration category includes graduates from the full–time MBA Program, the Evening and Weekend MBA Program, the Executive MBA Program, and the Global MBA Program.

2010-2011 Graduates

- Bachelor of Business Administration — 28%
- Master of Accounting — 6%
- Master of Business Administration — 65%
- Master of Supply Chain Management — 1%

Ross coordinates with other U–M schools to provide professional development courses through its Executive Education (EE) program. EE offers open–enrollment courses throughout the year, such as *Business Acumen for High Potential Executives* and the *Advanced Human Resource Executive Program.* EE also custom designs programs to fit individual business needs. For fiscal year 2011, EE had approximately $10.8 million in gross revenue from external sources, which was about 6.1% of the School's total revenue.

Ross employs more than 400 staff and over 200 full–time, adjunct, or visiting faculty. The School's campus includes a hotel, a valuable art collection, a fitness center, and facilities for formal and casual dining. Ross partners with Aramark, an external food services vendor, to co–manage the hotel, fitness center, and dining facilities.

The newest Ross building *(pictured at right),* completed in 2009, added 270,000 square feet to the School's facilities. The new building was designed as a commitment to sustainable resources, and earned a Silver ranking in the Leadership in Energy and Environmental Design[1] (LEED) rating system.

The School has experienced turnover in many leadership roles. A new dean joined the school on July 1, 2011, following the previous dean's departure after ten years. The entire leadership team is either new or has a short tenure in their role.

While completing the audit, University Audits noted that the School's new leadership self–identified several opportunities to increase coordination among units and improve central oversight. For example, Ross leadership has:

- Formalized and improved the procedure to establish budgets.
- Developed a new process requiring all units, institutes, and centers to review and explain budget–to–actual expense variations quarterly.
- Prepared a list of School–specific policies that will be drafted and implemented. As an example, the Finance Office shared with University Audits a draft of a new hosting policy. The policy includes good monitoring and oversight procedures.
- Created a Finance Liaison Team (FLT) and a Manager's Forum. These groups bring School administrators and leadership together to facilitate collaboration, discuss policy and best practices, and provide School–wide training.

The "Risk and Control Discussion" section of this report details opportunities for improvement across the School, as well as recommendations to enhance processes noted above.

The objective of this audit was to evaluate the School's control procedures over the following key areas:

- Admissions
- Financial Aid and Student Loans
- International Programs and Travel
- Oversight of Institutes and Centers
- Facility Management
- Restricted Funds

- Financial Monitoring and Oversight
- Credit Card Terminals
- Executive Education
- Supplemental Compensation Programs
- Effort Reporting
- Aramark Partnership

University Audits also reviewed, at a high level, international programs and oversight of institutes and centers.

- *International Programs* – Interviewed central administrative staff and staff from a sample of units that administer international programs. Confirmed the adequacy of processes and documentation to manage international finances and to help ensure the safety of students, faculty, and staff while traveling abroad.
- *Institutes and Centers* – Interviewed central administrative staff and staff from a sample of institutes and centers. Reviewed communication between the School and institute or center to verify an appropriate level of coordination and information flow.

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[1] The LEED rating system was developed by the US Green Building Council and rates new constructions on their environmentally friendly features, such as water efficiency, indoor environmental quality, and innovation.

The following table describes additional audit analysis performed:

Item Reviewed	Results
Admissions documentation for a sample of students admitted Fall 2011	Confirmed required admissions documentation was obtained from students, and evaluations or interviews were documented to support decisions.
Inventory list and location for a sample of objects from the Ross Art Collection	Verified art objects were accurately recorded on the inventory list.
Support documentation for a sample of supplemental payments to faculty	Determined supplemental payments were properly approved with adequate support documentation.
Aramark managed properties – fitness center and executive residence hotel	Performed onsite physical inspections of facilities to confirm consistency with contract terms.

Risk and Control Discussion

- Budget Preparation and Review Opportunities – The School's Finance Office recently updated the budget preparation and review processes and is still making changes to further improve efficiency. Creating a standardized budget template has permitted easier roll–up reporting at the School level and comparisons across units. Many financial oversight and monitoring tools are available from either the University's centrally–supported systems (e.g., M–Reports, Business Objects) or the School's internally designed packet of Business Objects reports (known at Ross as "the Comprehensives").

  There is no policy or other directive requiring management review of any financial report other than the monthly Statement of Activity and the quarterly budget variance report. Management should be directed to review, at minimum, the reports referenced in Standard Practice Guide Section 500.1, *Fiscal Responsibilities*, as applicable to their specific unit. Examples include:
  - Voucher Detail Expense Report
  - Location Deposit Activity
  - Project/Grant Budget Status
  - Summary of Projects

  The Finance Office spent considerable time developing the Comprehensives for budget–to–actual analysis. Very few of the units interviewed reported using this tool. Many users stated that reports are too cumbersome or complicated for ease of everyday use. University Audits analyzed the Comprehensives reports and noted that the results are replicated in multiple tabs and views, which can be confusing for the reader. The Comprehensives provide information that is already available from centrally supported reports. For example, the ITS–supported Summary of Projects provides high–level balance information for all project/grant numbers within a department ID or department group. However, most managers were unfamiliar with reports available in Business Objects or M–Reports.

  Opportunities for improvement include:
  - Document the budget process, including the escalation steps for procedural noncompliance, requirements, and timing. This information would help the Finance

Liaison Team (FLT) and the Manager's Forum members better understand the process and their responsibilities.

- o Pre–populate Human Resource (HR) headcount information. Units receive an HR headcount file from Ross HR and manually re–key the headcount information into their budget template. The Finance Office also receives the headcount file and double checks the data in the unit templates for accuracy. Pre–populating this information into a locked cell prior to distributing the budget templates would eliminate keying errors and reduce time spent entering and verifying data.
- o Upload unit budgets into the School–wide file once unit budgets receive final approval from the Dean. Units currently perform this step. If the Finance Office did the upload, it would eliminate the possibility for units to modify figures after final approval. Macros would make this an efficient step for the Finance Office, rather than requiring effort from each unit.
- o Store budget documentation and other critical information on networked drives, rather than personal hard drives. IT security settings can prohibit unauthorized access while ensuring data is accessible and secured.
- o Work with the FLT to determine the barriers to using existing reporting options. Collect feedback regarding reporting needs and determine if centrally supported formats would be suitable options. If customized reports will be used, ensure they are easy to use and modify based on feedback to promote usability.

Management Plan – We agree with the observations. Regarding the annual budget development process, the Finance Office will engage the FLT members in addressing the issues identified above so that improvements can be implemented in advance of the next budget cycle. The issues pertaining to strengthening our ongoing monitoring and oversight will be implemented in conjunction with the rollout of the internal control sub–certification process.

- Ross Art Collection – The Ross Art Collection includes more than 250 works that are valued at approximately $1.9 million. The collection is displayed all around the School's campus for all faculty, staff, students, and visitors to enjoy. Overall, the procedures for managing the Ross Art Collection are sufficient to track and maintain the artwork. Ross uses an acquisition form to document information about the art when it is collected. Cultuware is the name of the vendor that supports the database used to track the collection. An art inventory list with location is maintained for purposes of sharing with visitors to the School that want to tour the art collection.

The following are opportunities to improve management of the Ross Art Collection:
- o Some art management processes are documented, including acquiring a piece of art, moving a piece of art, handling artwork, and cleaning the art. The School does not accept gifts of art or dispose of art once it is part of the collection. This should be documented to maintain consistency in the processes.
- o Maintenance and care information is not documented on the acquisition form and not always collected at the time of acquisition. Require that any specific maintenance or care requirements be documented on the acquisition form and in the art tracking database when an object is acquired to help ensure proper care.
- o The art tracking database allows users to easily edit or delete items from the record. Work with Cultuware to determine if access to delete items could be restricted to one individual or if there are ways to create a report for monitoring items that were deleted from the system.
- o There is no formal numbering system used to identify and track the art objects. Going forward, consider the benefits of developing a standard numbering system for the art

collection that could provide important information about the art, such as the year it was originated or obtained by the School.

- o Work with Risk Management to ensure the art is properly insured and document procedures for periodic communication to ensure the collection remains adequately insured.
- o Approximately a dozen items are stored in a facility storage room. Although few know the art is there, many have access to the room. Look into a more suitable storage area with restricted access for all items that are placed in storage.
- o The collection has not been reconciled on a regular basis. Many of the items were acquired in the last several years for the new building. Ross is currently working on developing procedures for maintaining and caring for the items. This includes an annual reconciliation of the art objects and description of their location and condition. Ross plans to use an art management vendor to help assess the condition of the art and perform any required maintenance work. Two individuals should complete the reconciliation together. If this is not possible, at a minimum, the person completing the reconciliation should not have access to the art tracking system. Inventory lists used for reconciliations should be printed directly from the art tracking database.

Ross staff has had preliminary discussions about loaning and borrowing artwork in the future. If the School decides to move forward with this idea, consider the associated risks and implement controls such as documenting the condition of objects as they enter and leave the School, verifying proper insurance, and documenting agreements with the other institutions. Work with existing experts at the University, such as the University of Michigan Museum of Art to obtain best practices and information about existing art management vendors.

Management Plan – We agree with the observations. Ross management intends to transfer the management of the art collection to the University of Michigan Museum of Art. Discussions have begun with the appropriate individuals to coordinate the applicable processes.

- Institutes and Centers – Oversight and Monitoring – The Business School has multiple institutes and centers (herein: centers) with varying goals and objectives. Each center has a different relationship and level of coordination with the School. Until recently, oversight and monitoring of these units has been very informal. The Business School made steps toward improving the oversight process through modifying the reporting structure for the centers. The majority of centers now report to the Associate Dean for Faculty and Research. Centers with an international focus report to the Associate Dean for Global Initiatives; two focus on graduate programs and report to the Associate Dean for Graduate Programs. The School's Research Office established monthly meetings with center administrators to improve communication and coordination. The center administrators also attend the FLT meetings. University Audits selected three centers to assess documentation and communication between the School and centers. Similar findings at each center reviewed include:
  - o Aside from original gift agreements to establish the centers, there is no documentation that clearly explains the School's current expectations of the centers and the centers needs from the School.
  - o There is a lack of separation of duties; one person is responsible for initiating procurement transactions, receiving items, and reconciling the Statements of Activity.
  - o There is a lack of higher authority review of financial activity. There was confusion regarding who was accountable for the finances of the centers – the center directors or the School's Finance Office.

Management Plan – We agree with the observations. Fundamentally, the centers and institutes are all part of Ross. From a financial and administrative perspective, they should operate like any unit and be subject to Ross policies and monitoring procedures. Therefore, a separate memorandum of understanding would not be warranted. To strengthen this understanding, all centers and institutes have been assigned to an Associate Dean who will review budget and strategy regularly. The Finance Office will implement a solution that coordinates financial controls among centers and institutes.

- <u>Loans to International Students</u> – For several years, Ross has partnered with a banking institution to offer loans to international students. The program was modeled after similar programs in other business schools and used as a recruiting tool. The Ross Finance Office and the Ross Financial Aid Office receive sufficient information to monitor delinquent loans; however, the default rate on these loans is higher than originally anticipated. During the course of this audit, Ross management decided the program is not viable and will stop offering these loans. Significant liability still exists from current loans that could default. Any future losses from defaulted loans will impact the School's ability to fund other initiatives.

  Business School leadership should be involved in making strategic budget decisions to plan for the potential impact future loan defaults may have on other initiatives across the School. Carefully research default rate projections to ensure adequate consideration of the remaining loans and their potential liability on the budget.

  Management Plan – We agree with the observation. We are currently working with the University's central finance team to identify opportunities to reduce the school's future liability associated with the existing loans. Going forward, we will look to build reserves to minimize the financial impact upon ongoing operations.

- <u>International Programs – Coordination</u> – International experiences are a key priority within the School. The new Dean emphasizes that globalization should be part of every Ross activity and international activity is expected to increase. The following units offer international programs or training:
  - o Global MBA (GMBA)
  - o Center for International Business Education (CIBE)
  - o Global Resource Leverage Education
  - o Prahalad Initiative
  - o Executive Education
  - o Multidisciplinary Action Projects (MAP)

  Individual faculty also lead groups of students abroad and some courses have an international component. Based on discussions with central leadership and a sample of units that manage international programs, there is little coordination or information sharing between Ross units with international activity. There are no central Business School policies, procedures, or guidelines relative to international travel or study abroad programs. CIBE has developed policies and procedures that address student health and safety concerns, and other units could benefit from these existing resources.

  The new Dean created and filled the position of Associate Dean for Global Initiatives. This is a step toward increasing international activity and coordination across the School. This position is designed to focus more on strategic goals rather than day–to–day operations of individual programs.

Additional opportunities include:
- o Evaluating international activity across the School and determining where there are possibilities for networking, information sharing, and coordination.
- o Developing a school–wide policy related to international activity. Include the following:
  - Registration of all international travel with the University's Travel Registry
  - Obtaining the required international health insurance
  - Minimum standards for preparing students for study abroad experiences
  - Best practices for paying international expenses and managing exchange rates

Efficiencies may be gained by consolidating certain tasks related to international operations such as orientation programs for students or international travel arrangements. It could be beneficial to organize a group of Ross employees that have or desire expertise in managing international programs. The group could discuss current processes and develop best practice standards and methods for sharing lessons learned.

Management Plan – We agree with the observations. The newly created position of Associate Dean for Global Initiatives has been tasked with addressing these issues and implementing any changes.

- Verification of Aramark Reported Data – Ross payments to and from Aramark are based completely on Aramark–generated reporting. Ross receives a percentage of food sales from the casual dining operations. Ross also receives an invoice to cover the cost of Aramark staffing for the hotel and dining operations. Aramark prepares a monthly hospitality report to provide operational data, including sales.

  The contract with Aramark includes a provision giving Ross the right to validate invoices or other reports by reviewing Aramark financial transactions. Such "right to audit" clauses are designed to provide a means to ensure Aramark follows good financial principles and accounting standards, that invoices for commissions due are accurately stated, and that the financial documents are well–stated and sound. Ross has not invoked this clause, and the accuracy of Aramark reported metrics has not been verified.

  Management Plan – We agree with the observations and the need for greater transparency over financial processing performed by Aramark. We will review all viable options and implement a plan to address this issue.

- Sub–Certification of Internal Controls – The School prepares the internal controls certification centrally. Individual units do not provide input or participate in the process. Without involving the School's sub–units, it is difficult to ensure the certification accurately reflects the School's control environment. University Audits identified multiple scenarios where the control environment within a particular unit did not match the overall controls documented in the School–wide certification. As an example, several units did not have appropriate procedures for processing and monitoring credit card refunds.

  Involving units in the internal control certification process will give them a better understanding of best practices for internal controls. Units will benefit from the Office of Internal Controls' standards. Implementing the controls for each unit would greatly improve the control environment in many operational areas School–wide, beyond those included in the scope of this audit.

Management Plan – We agree with the observations and will implement a sub–certification process beginning with the fiscal year 2012 annual certification.

- Credit Card Monitoring/Guidance – There are twenty–four credit card merchants within the School. Some units are authorized to process credit card payments online through an ecommerce site, some have a physical terminal used to process transactions, and a few units have both. The eCommerce site was developed by the School's Computing Services department working with the Treasurer's Office. No credit card information is stored locally at Ross.

  The School does not centrally monitor credit card activity or processes for its authorized merchants. There are no School–specific documented procedures related to credit card processing and training. University Audits reviewed credit card processing procedures for a sample of units within Ross and noted the following:
  - o The person with responsibility for processing credit card transactions is often the same person processing refunds.
  - o Refund activity is often not reviewed by a higher authority.
  - o Credit card terminals with very few transactions processed annually may not be necessary for operations.

  Management Plan – We agree with the observations. The Finance Office is developing formal cash/check handling procedures, and will then begin creating credit card procedures.

- Continuity of Operations Planning – Continuity of operations planning assesses critical operations and associated processes to ensure smooth transitions in the event of a major disruption. In 2009, the Human Resources Officer updated the continuity of operations plan as the U–M was preparing for implications of the H1N1 flu virus. The plan was not submitted to School leadership or shared broadly with staff. A copy of the updated plan could not be located; therefore, University Audits was not able to evaluate the sufficiency of the plan.

  The plan should cover all key operations of the school, including Executive Education. It should be stored electronically on a shared drive or other method accessible to key employees, and ensure those employees receive information on the plan's location. Establish a schedule to review, update, and test the plans as necessary on a timely basis (every few years, following major renovations, as programs or offices change, etc.).

  Management Plan – We agree with the observation. The school's plan will be updated and made accessible to key employees.

- Unit Assessments – University Audits evaluated several individual departments, institutes, and centers, units with international programs, and Executive Education. These reviews resulted in many reoccurring opportunities to improve business processes within the units. A separate memorandum detailing the unit assessments was shared with the Chief Financial Officer. The Ross Finance Office should use the information in the memo as possible discussion topics for the Finance Liaison Team or the Manager's Forum to broadly train all units on proper internal control procedures.

  Recommendations include:
  - o Work with leadership from each individual unit to address recommendations specific to their unit.
  - o Consider how these items can be addressed at a larger scale for the entire School.

- o Educate unit leadership and FLT representatives on the availability of U–M centrally supported monitoring reports.
- o Train unit leadership of their responsibilities under SPG Section 500.1, *Fiscal Responsibilities*, to regularly review key financial reports.
- o Utilize the FLT and the Manager's Forum as an audience for training or speakers related to Procurement, Internal Controls, or Treasury policies. Units with commendable practices should share their procedures as a best practice during these group meetings.

Management Plan – We agree with the observations. We will review the opportunities to improve business functions that have been identified and develop an action plan as appropriate including discussions/training at an upcoming FLT meeting or specific targeted discussion for certain areas. In addition, the Finance Office will implement a regular review process in order to proactively identify any future possible issues.

The recent change in leadership brought a renewed focus on fiscal responsibility to Ross. Throughout this audit, faculty and staff repeatedly acknowledged appreciation of the new "tone at the top" that encourages transparency and communication. Significant changes are underway to strengthen controls and improve oversight of the School's finances, including initial progress on efforts to reinforce University policies and introduce new procedures unique to Ross.

Based on our review, Ross adequately manages the following areas:
- *Admissions:* Criteria for acceptance into the School's programs are documented. Multiple individuals are involved with admissions decisions. Committee evaluations and decisions are documented and retained.
- *Financial Aid:* Financial aid is adequately budgeted and monitored. The main offices involved in financial aid at Ross coordinate well.
- *Facility Management:* Maintenance of the School, including its technology, is appropriately budgeted and planned. Security of the students, faculty, staff, and hotel guests is considered during upgrades and renovations.
- *Restricted Funds:* The Finance Office now coordinates with the Development Office. The Finance Office reviews gift documentation to ensure gifts are placed into the appropriate account. Expenses reviewed were consistent with donor intent.
- *Effort Reporting:* The School adequately monitors individuals who need to certify effort. As–needed effort reporting is processed timely, and termination checklists include reminders to submit effort certification if required.

Financial oversight can be further strengthened by documenting the budget preparation process and assessing the reporting tools used for monitoring and oversight at the unit–level. Increasing unit guidance and central monitoring of unit performance will improve the School's overall control environment. Specific areas that should be incorporated in unit–level guidance and central monitoring include credit card processes, internal control certifications, and proper separation of duties. Identifying opportunities for coordination between the School's international programs will increase efficiencies. Updating the continuity of operations plans will ensure smooth communications in the event of a major disruption.

University Audits will assess management's progress towards achieving goals for improvement during the fourth quarter of fiscal year 2012.

The University of Michigan School of Dentistry (SoD or the School) is one of the nation's leading dental schools, focusing on oral health care education, research, patient care, and community service. SoD instructs, prepares, and trains future dentists and dental specialists for practice in private offices, public agencies, hospitals, and academia. General dental care and specialty clinics offer advanced treatment to patients. The School is on a four–year model, which was established in 1901 by Dr. Taft, the founding Dean of SoD. The four–year model has become the national standard for dental education.

There are fifteen programs of study available at SoD. The program with the highest demand is the Doctor of Dental Surgery (DDS) program. Students who graduate with a DDS degree can go into general practice or continue to study dental specialties as post–graduate students. A number of post graduate programs offer specialization in areas such as oral and maxillofacial surgery, pediatric dentistry, restorative dentistry, oral pathology, hospital dentistry, and more. Other programs offered at the School include the undergraduate dental hygiene program, several certificate degree programs, and the Internationally Trained Dentist Program (ITDP), which offers an opportunity for foreign dentists to obtain a DDS degree.

Organizational Structure
The Office of Academic Affairs at SoD is responsible for the admission of students in the DDS program and student financial aid. Both these functions fall under the Assistant Dean for Student Services, who reports to the Associate Dean for Academic Affairs. Admission activities are managed by the Admissions Associate Director. The School has a designated Financial Aid Officer, who has a dual reporting relationship to the Assistant Dean and to the central Office of Financial Aid. See organizational chart below.

The SoD Admissions Committee is responsible for reviewing applications and making admissions decisions. Currently, twelve members serve on three–year rotational assignments. Three members have permanent assignments, including the Assistant Dean for Student Services, who chairs the Committee, the Associate Director of Admissions, and the Director of Multicultural Affairs.
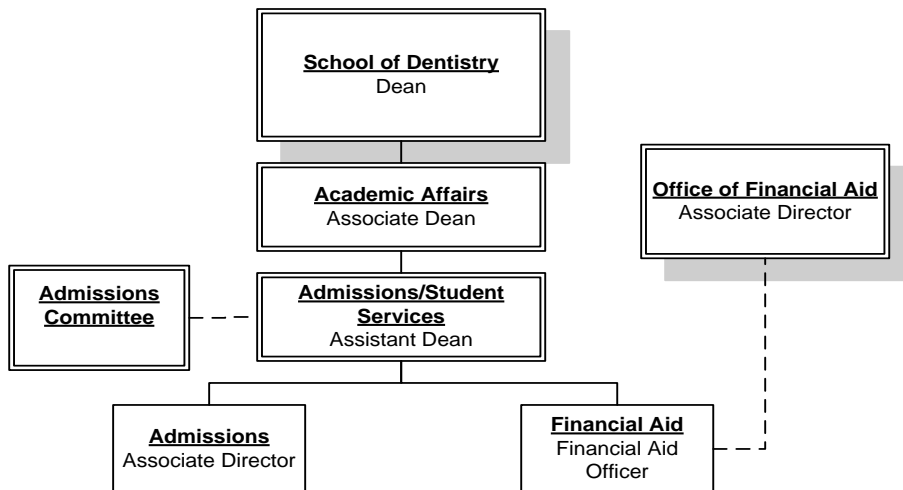
The purpose of this audit was to review and evaluate the admissions and financial aid processes for SoD. Professional schools, including SoD, are responsible for establishing and administering their own admission processes. The main objective of the review of the admissions process was to assess controls over admissions in the DDS program, including the admissions in the ITDP. The dental hygienist program and graduate programs were considered outside the scope of the review. The dental hygienist program follows central U–M admission policies and procedures for undergraduate students. For graduate programs, the application process is administered by the Rackham Graduate School and admissions decisions are made at each SoD academic department.

Most financial aid activities at SoD are similar to those of other University schools and colleges. They include providing consumer information to students (tuition and fees, room and board, cost of living, and financial aid available), reviewing the Free Application for Federal Student Aid (FAFSA), determining student eligibility, preparing the awards, and disbursing funds to the students. Because these processes are not unique to SoD and are managed centrally by the Office of Financial Aid, they were considered out of scope for this review. However, the School is actively involved in the decision–making process for certain aspects of financial aid including need–based and merit–based aid. These processes were part of our review.

University Audits reviewed both the admissions and financial aid processes for reasonableness, fairness, and compliance with SoD's own policies and procedures. Having robust controls in admissions and financial aid areas ensures the processes are clear, unbiased, consistent, and in line with the School's philosophy. In the last fiscal year, Academic Affairs had a leadership change and has been actively working through a significant admissions process change. To accomplish our objectives, University Audits conducted interviews with personnel from Academic Affairs, the Financial Aid function within Student Services, the Admissions Office, Admissions Committee members, and other relevant SoD administration. We also reviewed applicant files on a sample basis and performed on–site walkthroughs of the admissions and financial aid processes.

Specifically, to evaluate the admissions process, we interviewed twelve members of the Admissions Committee. Admissions Committee members are closest to the admissions process and many of them have served on the Committee for many years. As such, their input was crucial in evaluating the overall admissions environment at SoD, including appropriateness of decision–making, efficiency of operations, effectiveness of the communication flow, management of potential conflicts, and transparency within the process.

University Audits found the processes to be fair and reasonable and no instances of non–compliance with SoD's policies were observed. Our observations and recommendations to enhance these processes by making them more transparent, improving documentation, and ensuring continuity of operations are discussed below.

Risk and Control Discussion – Admissions
The application process begins with the Associated American Dental Schools Application Service (AADSAS), a national, centralized application service used by most U.S. (and some Canadian) dental schools for the DDS program. Applications are only offered online and become available to students around June 1 every year. AADSAS collects information and documentation from applicants and standardizes how the information is presented to all dental schools. Every year, over 2,000 candidates apply to SoD and last year 108 candidates were matriculated. AADSAS sends applications to dental schools on a weekly basis. The Admissions Office works closely with Information and Technology Services (ITS) to ensure the appropriate interfaces are in place for uploading applicant data to M–Pathways. M–Pathways data is primarily used for tracking applicant status and reporting purposes. The application review is done outside of M–Pathways.

In the past, AADSAS sent hardcopy applications to the dental schools. Starting in 2011, AADSAS has made available an online reviewer's portal where applications can be accessed in electronic format. Hardcopies will no longer be mailed to the schools. After the applications are received from AADSAS, the Admissions Office ensures each applicant has submitted the application fee, Dental Admission Test (DAT) scores, and letters of recommendation. Once these pieces of necessary documentation are received, the application is ready for the Admissions Committee review.

To ensure the review is thorough and the selection is objective, every application is reviewed by at least two members of the Admissions Committee, one of whom is usually the Associate Director of Admissions. The School performs a holistic review of the application, without setting minimum requirements or assigning a score or weight to a particular factor. Factors for selection include, but are not limited to, the following:

- Grades – The Admissions Committee evaluates the applicant's overall grade point average (GPA), science courses GPA, consistency of grades, the number of repeated or withdrawn courses, and other grade factors
- DAT scores – The American Dental Association administers DAT. This test examines perceptual ability, quantitative reasoning, reading comprehension, and survey of natural sciences. The Admissions Committee looks at the overall score as well as the score in each area.
- Experience and activities – Job shadowing, community service, or other volunteering activities indicate interest in and commitment to a dental career. Significant life experiences and accomplishments are further considered as they may reveal an applicant's professionalism and maturity.
- Pre–requisite courses – Applicants must have completed or show progress towards completion of all defined pre–requisite courses to be considered for admission to the program.

From the applicant pool, approximately 300 candidates attend interviews at SoD every year. The interviews are scored based on the candidates' performance. The Admissions Committee uses the candidate's interview score as the deciding factor for admission in the program. While candidates are selected solely on their merits, the Admissions Office monitors the selected pool of candidates throughout the process to ensure a diverse class and a balanced in–state and out–of–state student ratio. Candidates who receive admission offers, and wish to attend, accept the positions and pay an enrollment deposit fee. An alternative list, or waitlist, is created at the end of the cycle; if an enrolled student withdraws from the class, another candidate is selected from the waitlist.

- Multiple Mini Interviews (MMI) – In the past, one Admissions Committee member interviewed each candidate and would then make the decision for admission. Through the ongoing process of evaluating and assessing candidate selection practices, SoD decided to employ the MMI format for the interviews in 2006. The MMI approach uses several independent assessments in a timed circuit to obtain an aggregate score of each candidate's soft skills such as interpersonal skills, communication, ethics, moral judgment, and ability to make decisions on the spot. MMI sessions are held during the fall and winter semesters. Ten SoD interviewers, including Admissions Committee members, faculty members, staff, and students, interview each candidate. The MMI approach offers several advantages over the single interview approach. Specifically:
  - o Multiple assessments from independent interviewers make the evaluation of candidates more objective.
  - o There is less pressure on both the candidates and the interviewers.
  - o The scoring system results in more quantifiable data on which to base decisions.

    o   Interviewers can better focus on the candidates soft skills without being biased by grades and test scores.

Based on the discussions with Admissions Committee members and Academic Affairs leadership, no critical concerns with the MMI process were raised. Several common themes related to challenges with the MMI format emerged from our interviews. One challenge is the use of the MMI score as the determining factor for admission. The MMI format is a relatively new interview methodology. It is primarily used in medical schools, where it has high predictability of student success in this field. However, it has not yet been proven to predict success in dental schools. To evaluate and assess whether this approach can predict success in the DDS program, SoD gathered and studied pre–admission and post–admission data from the 2010 graduating class, the first dental class to be admitted using the MMI method in 2006. One year did not provide enough relevant data to fully research the predictability and correlation of future performance. Academic Affairs expresses commitment to a holistic review of candidates; however, after the initial application review, the MMI score is the key factor for admission. A formal approach for reviewing and analyzing MMI data will further clarify the value of the MMI format in predicting student success.

Many of the people interviewed during this audit discussed other challenges with the MMI method including attracting enough interviewers from the School, ensuring that interviewers are attuned to the scoring system, and managing any potential conflicts of interest (e.g., an interviewer and a candidate may have a preexisting relationship).

Based on the audit, recommendations include: Establish a formal, regular review process of MMI data. Continue to evaluate MMI results and how they relate to success in the DDS program. Make changes as appropriate to the interview approach and/or the admission decision process in general. Consider options and agree on an approach that aligns with the School's philosophy of holistic candidate review. For example, consider a weighted approach for the final admission decisions that includes MMI scores, as well as GPA, DAT, and/or other factors.

Establish a more robust, formal approach for training MMI interviewers. Consider including score calibration exercises – exercises that train and prepare interviewers on evaluating candidates based on objective criteria while staying free of biases from personal or cultural differences. Raise awareness among interviewers of disclosing potential conflicts of interest. Research different options for reaching out to the interviewer pool, such as an online training approach (e.g., using MyLinc), handouts, or instructor–led sessions. Continue to plan ahead to build a robust, reliable interviewer pool.

Management Plan – We currently hold formal Admission Committee meetings after every other MMI. A procedure will be created whereby MMI data will be reviewed annually, after each fourth year class receives the final grades. The data analysis will be presented to the Admission Committee for review and to make any potential changes. In addition, the Admissions Office will consider using benchmarks, such as how medical schools use their MMI data in the review/decision process.

The Admissions Office will investigate online training for MMI, although some interviewers, such as alumni and SPIs[2], may not have access to the University's online training system. Meanwhile, we will develop a handout to accompany staff–led training and will address score

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[2]Standardized Patient Instructors are individuals who have been trained to accurately portray a specific patient role, assess clinical skills, and provide constructive verbal feedback on a student's performance.

criteria and importance of remaining free of biases. Staff–led training is currently offered the day before each MMI session. The Admissions Office will provide the handout to the interviewers during the training. We will continue to discuss details of the MMI and how we calibrate interviewers using the scoresheet.

- Application Review – There are no central University requirements or School accreditation standards that guide the application review process or the number of applications reviewed. The SoD Admissions Office uses a rolling admission process. Applications are reviewed in the order in which they are received and become complete. MMI spots are filled with selected candidates throughout the review process. Some applications, although submitted before the deadline, arrive after all MMI spots are filled. These applications may never be reviewed. Based on the interviews we conducted, Admissions Committee members believed all applications were reviewed. SoD may lose competitive candidates whose applications become complete late in the cycle.

  To ensure more applications are reviewed by the Admissions Committee, consider one or more of the following options:
  - o Include more people in the review process and/or increase the number of applications to be reviewed by each Committee member.
  - o Communicate to the Admissions Committee the number of applications not reviewed.
  - o Set and clearly communicate to applicants a date range that will increase the chances of their applications being reviewed.
  - o To help the Admissions Committee make better use of its limited time and resources, narrow down the number of applications needed to be considered for full review. Consider establishing certain thresholds for measurable academic criteria later in the review process. Such criteria could effectively reduce the number of applications that need a full review, quickly eliminating those applicants who do not meet the most basic SoD standards. For example, set a minimum GPA or DAT score after the first 200 candidates are invited for an interview; applicants below this threshold could be noted as not needing a full review.

  Management Plan – Prior to 2011, the application deadline for SoD was December 1. The date was changed to October 15 due to recent curriculum changes that will require students to start school earlier. The earlier deadline may help resolve the problem. The Admissions Office will perform benchmarking to investigate how our peer institutions manage the volume of applications. Current technology does not allow for narrowing the number of applications to be reviewed by Committee members. It is expected that for future admission cycles, changes in software will allow for such action. We will share statistics regarding unreviewed applications with the Admissions Committee.

  The American Dental Education Association already provides guidance to applicants on applying early through its publications. To better communicate to applicants a date range that will improve their chance of application review, we will update our website to clearly state the competitive nature of the admissions process and that early application, along with a competitive application, will increase their chances of a timely review. Our intent will be to review all Michigan or instate applications in each cycle.

- Documentation – University Audits reviewed samples of application files to ensure that decisions made by the Admissions Committee were fair, reasonable, and in compliance with SoD admissions policies. No exceptions were noted. However, there are some opportunities for enhancing documentation throughout the process.

- o <u>Admission policies, procedures, and guidelines</u> – University Audits observed that some procedures are well documented. Examples include step–by–step procedures for uploading application data from AADSAS and instructions for reviewing applications online. However, during the review we identified several key points in the process where admission decision–making policies, procedures, and guidelines are not documented. Examples include:
    - Defining a quorum of committee members needed to make decisions
    - Making admission offers to waitlist candidates
    - Filling open spots when the waitlist has been exhausted
    - Documenting the frequency of report review necessary to monitor rolling admission, key deadlines, and other tasks.
  - o <u>Review notes and admission decisions</u> – University Audits observed some inconsistencies in the supporting documentation of admission decisions. Documentation that supports admission decisions can be improved.
    - Document the name of the application reviewer and date of the review. With the move to the AADSAS online reviewer portal, this data will be captured in the system.
    - Document the reason for denying applications. The AADSAS online reviewer portal has fields available for comments.
    - Document admission decisions made by the Admissions Committee after the MMI process.
    - Be consistent in the documentation of candidate withdrawals. For example, save emails or notes of phone conversations in the candidate file.
    - Review the main roster annually to ensure all denied applications are properly dispositioned in M–Pathways.

Management Plan – An electronic shared space already exists; specific task documentation related to admissions will be added here, including waitlist procedures. In the last fifteen years, the applicant pool has been robust and there has never been a situation when the waitlist has been exhausted. We will continue to evaluate the number of applicants placed on the waiting list from year to year to balance an applicant's realistic possibility of moving into the class without creating "false hope." Admission Committee members and staff have been trained to use the new online reviewer's portal. Any new committee members and/or new staff will be trained accordingly. The new online reviewer's portal will capture additional information that was not tracked in the hardcopy file, including reviewer information and the reason for denying applications. We will document Admission Committee decision process after each MMI review. When applicants withdraw, especially after attending an interview, an email is requested and will be kept electronically. The final roster will be reviewed before the admission term and any inconsistencies in application status will be addressed at this time.

- Application Fees – Applicants pay a $65 application fee to the School. The fee covers the administrative cost for processing the application. The Admissions Office updates the applicant's status to paid upon receiving payment. Until the 2010 admissions cycle, the application fees were paid by check. Starting in 2011, application fees will be payable online only. While online payments will reduce the risk associated with the manual handling of checks including segregation of duties issues, updating the applicant status as paid remains a manual process. To further improve monitoring and oversight, work with ITS, or others as necessary, to create reports for efficiently identifying applicants who paid applications fees. Periodically, compare total money received from application fees to the number of applicants who paid the fee.

Management Plan – The Admissions Office will compare revenue in the account with the number of applicants who paid the application fee. We will ask ITS for assistance to help create queries and reports to pull the necessary data. If queries cannot be created because of systems limitations, other alternatives will be researched for obtaining a list of applicants who paid the application fee.

- Spreadsheet Controls – The Admissions Office uses Excel spreadsheets to track and monitor MMI scores, ITDP applications, and other applicant records. University Audits observed that: MMI scores are initially recorded on hardcopy sheets by the interviewers; Admissions Office staff manually enters the scores in a spreadsheet for compilation. Although University Audits did not observe any inconsistencies, manual entry and lack of spreadsheet controls in general may lead to errors and mistakes. The MMI score is the main factor the Admissions Committee uses to make decisions. Therefore, any errors or mistakes in MMI scores may lead to inappropriate decisions. Applicant data for the ITDP program is entered manually in M–Pathways and then again in other supplemental spreadsheets. This process is inefficient and may lead to inaccuracies.

    Management Plan – Due to the complexity of creating an electronic database for capturing MMI data in real–time, this is not a feasible option at this time. However, the Admissions Office will continue to investigate this option in the future. Meanwhile, we will implement additional spreadsheet controls, such as locking formula cells and incorporate quality assurance mechanisms. For example, with MMI data, one person will enter the data, a second person will complete a random spot check of five percent of the data, and a third person will complete a final review of the data before the Admissions Committee reviews the spreadsheet.

    The Admissions Office will continue to work with ITS to create an opportunity for electronic uploads of ITDP application data.

Risk and Control Discussion – Financial Aid
During the campus interviews, the Financial Aid Officer for SoD provides students with details of the educational costs for all four years of the DDS program. The documentation provided includes information on tuition costs, living expenses, sources of financial aid, and application process. More information is made available online and through other publications.

Student loans, such as subsidized and unsubsidized loans, are determined based on FAFSA data and calculated based on established federal formulas. The Assistant Dean for Student Services and the Financial Aid Officer manage the financial aid awards for two types of funds: need–based aid and merit–based aid. Need–based aid is provided to students based on their economic status. Merit–based aid is provided to students based on academic accomplishments and other demographic factors according to donor intent (e.g., aid for students from a specific region or first generation students).

- Need–Based Aid – Every year, SoD provides approximately $1.1 million in need–based aid for DDS students. Schools and colleges have flexibility in determining how need–based aid is awarded to the students, as long as the award process is consistent at the school level. SoD's philosophy is to award the available funds in the most equitable manner that supports the most eligible students. Awards are calculated based on the expected parent contribution to the student's education. Parent contribution is based on the FAFSA and is calculated using federal formulas. However, the expected student contribution is not taken into consideration. In the sample chosen, University Audits observed several examples where student contribution was significant.

The process can be improved by:
- Evaluating the methodology used for calculating need–based aid awards.
- Deciding if parent contribution, student contribution, or both are appropriate parameters to use.
- Reconfirming that the approach used best supports the Schools' philosophy for providing aid to students with financial need.
- Continuing to be consistent in how aid is awarded at the School level.
- Periodically, reviewing the methodology to keep pace with potential demographic changes.

Management Plan – We have completed an analysis of previous years' financial aid packages for dental students. Based on this review, we have decided to continue to use parent contribution data in calculating need based aid. Dental students are not expected to work while in school, which makes the expectation of a student contribution unrealistic, therefore, only the parental contribution is used. This is the industry standard for dental and medical students whose academic workload prohibits the students from working while in school. Schools and colleges have flexibility in determining how need–based aid is awarded to students. This flexibility is exercised with careful consideration of all factors including student circumstances and funding.

Auditor's Comment: We support the SoD management actions and agree with their decision. We encourage them to periodically reevaluate this approach to ensure it is consistent with leadership's philosophy and current with SoD demographics. ***This issue is closed.***

Attracting and selecting candidates who will be successful in the field of dentistry is essential to the School's reputation and the quality of dentistry professionals. Recruiting efforts ensure SoD continues to have a highly qualified and diverse student body. The Admissions Office staff and Admissions Committee members are dedicated to ensuring a process that treats every candidate in a fair and consistent manner. Candidates undergo a detailed and thorough review and interview process. Establishing some formality to the review of the recently introduced interview approach will further help the School evaluate how well their admissions process is achieving its goals. Documentation of key procedures, decision–making points, and the School's philosophy for admissions and financial aid will ensure continuity of operations and consistency. University Audits will conduct a follow–up review to assess process enhancements during the fourth quarter of fiscal 2012.

[Intercollegiate Athletics Stephen M. Ross Academic Center](#)   #2011–212
Original report issued November 4, 2011

University Audits performed an audit of Ross Academic Center (Center) facility usage. The Center, which opened in 2006, provides academic study space for student–athletes and houses the Intercollegiate Athletic Office (ICA) Academic Success Program (ASP). ASP's primary goal is to respond to the academic needs of individual student–athletes. ASP provides personnel and services to support, direct, and promote student development, academic achievement, academic athletics eligibility, and progress toward graduation.

The National Collegiate Athletic Association

(NCAA) requires that member institutions provide services and programs that make general academic counseling, tutoring, and a life skills program available to all student–athletes[3]. NCAA allows athletic departments or the institution's nonathletic student support services to provide such services. Consistent with its peers in the Big Ten, ICA provides many academic support services within committed space at the Ross Academic Center. Dedicated staff and space provides a conducive study atmosphere without distractions.

The primary focus of the audit was to evaluate facility usage and attendance data to obtain a sufficient understanding of space utilization and Center activity. The audit also reviewed ASP's laptop loan programs, examined physical security over loaned laptops, and reviewed the appropriateness of expenses charged to ASP designated gift funds. The following guidelines were taken into consideration during the audit:

- University policies and procedures related to procurement and disposal of University equipment
- National Collegiate Athletic Association (NCAA) regulations related to academic support services

To perform this audit, University Audits:

- Interviewed ASP administrators, ICA Information Technology (IT) staff, and other ICA personnel
- Reviewed room and class schedules, and assessed space allocated to academic counselors during peak hours
- Reviewed Center floor plans and related data recorded in the University's Space Management System
- Reviewed gift agreements and related documentation to determine if donor's wishes were honored
- Reviewed and assessed laptop loan program policies and procedures
- Performed a physical inventory of laptops assigned to ASP staff

Space Utilization – Although ASP staff does not track all visits to the Center, staff appears to manage space resources efficiently. Throughout the day, rooms are reserved for staff meetings, tutorials, career development programs, educational classes, quiet study, and other student programs. Room reservations are prominently displayed on monitors located throughout the facility. Between January 2011 and August 2011, three Literature, Science, and the Arts (LS&A) courses were taught in the Center. Classes were relatively small (25 students or less) and were held in the morning or early afternoon to maximize study space for student–athletes who generally visit the Center late afternoons and evenings.

Room Allocation – During the Center's peak hours (fall and winter terms between 7 PM and 10 PM), ASP assigns specific rooms to study teams led by academic counselors to ensure student–athletes have dedicated study space. Room allocations are based on student–athletes' individual academic needs and personalized study schedules. ASP management stated that study space is scarce during peak periods, so much so that staff offices are often used for tutorials. Management is in the process of changing the usage dynamics of the Center by encouraging student–athletes to visit the Center during the morning, which counselors believe to be a better climate for studying due to less traffic and lower noise levels. Evening hours could then be used more exclusively for tutorials.

Computer Equipment – ASP provides a computer lab equipped with desktop computers, printers, and scanners solely for use by student–athletes. According to Management, the computer lab is heavily used during the Center's peak hours. ASP also makes laptops available for student–athletes use outside the

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[3]NCAA Division I 2011–2012 Manual Article 16.3 *Academic and Other Support Services*

computer lab. Student–athletes may check–out laptops for periods ranging from a few hours to a few months.

Gifts – Between 2003 and 2008, ASP received $12.5 million in gift funds, most of which were designated for the building fund. Based on testing, individual donations to the Center's building/facility and program funds were appropriately tracked and expended in accordance with donors' wishes. ASP also complied with donors wishes regarding naming conventions for specific rooms in the facility.

University Audits noted the following opportunities for improving the control environment.

Risk and Control Discussion
- Laptop Loan Programs – ASP loans laptops to student–athletes for study purposes. University Audits conducted a physical inventory of laptops used in the laptop loan programs and noted that ASP and ICA Information Technology (IT) do not have standardized processes to track University–owned laptops. At the time of the review, staff could not account for several laptops. IT staff acknowledged that existing records were out of date and needed updating. Management believes IT either used the missing laptops for parts or sent them to Property Disposition.

  ICA IT is responsible for purchasing and configuring laptops, assigning them to ASP staff, performing maintenance reviews, and periodically updating assignment sheets for purchases, disposals, thefts, and other inventory changes. ASP staff are responsible for tracking laptops, ensuring student–athletes return laptops on time and in good condition, sending laptops to the IT department for repair and periodic maintenance, reporting thefts and other losses, and securing laptops that are not checked–out.

  Strong record–keeping practices will help prevent:
  - Laptops being misappropriated by staff without management knowledge
  - Laptops inadvertently remaining with student–athletes, which could be considered an extra benefit under NCAA regulations[4]
  - Repaired/updated laptops being inadvertently returned to the wrong department or staff member

  ASP needs to develop a robust tracking process to account for issued, returned, and decommissioned laptops.

  Management Plan – ASP staff worked with University Audits to enhance laptop tracking procedures in the future. ASP management will document and implement the process.

- Attendance Tracking – The primary objective of this audit was to assess facility usage and provide information to ICA administrators that would enable them to schedule activities more effectively within existing space. Using facilities more efficiently reduces the need for new buildings, thereby reducing capital and maintenance costs.

  During the audit, University Audits noted that the Center lacks a comprehensive process to track student and staff facility usage. ASP's academic counselors monitor student–athlete required

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[4]The NCAA allows member institutions to provide the use of institutionally owned computers to student–athletes on a check–out and retrieval basis. Permanent loans/grants of laptops and other computer equipment are considered an extra benefit, and are prohibited under NCAA regulations.

study visits using various methods (i.e., log–in, personal check–in). ASP does not currently track visits that are unrelated to required study.

> **Management Plan –** Management is assessing data needs to best monitor and manage facility usage. Student privacy and costs will need to be taken into consideration in choosing tracking mechanisms.

NCAA requirements make academic programs for student–athletes an integral part of collegiate athletic programs across the country. ICA and ASP personnel adequately manage gift expenditures and student–athlete study space for the University's student–athlete academic program. Establishing effective monitoring controls over Center resources will provide the necessary information to ensure equipment is secure and support management decisions regarding facility utilization.

University Audits will conduct a follow–up review in the fourth quarter of fiscal year 2012 to assess management's progress on action plans.

Intercollegiate Athletics Complimentary Tickets   #2011–110
Report issued November 16, 2011

As a member of the National Collegiate Athletic Association (NCAA), the University of Michigan has an obligation to ensure its athletic programs are in compliance with the rules and regulations of the Association. To aid in this responsibility, the Compliance Services Office (CSO) is committed to monitoring and enforcing NCAA regulations for all University athletic programs.

One area specifically regulated by NCAA bylaws is complimentary tickets. Recipients of complimentary tickets include student–athletes, recruits, program guests, Intercollegiate Athletics (ICA) coaches and staff, Regents, and Executive Officers. Complimentary tickets are also issued periodically for marketing purposes and as part of the dealer vehicle program. The NCAA sets ticket limits for recruits, coaches, and student–athletes depending on the sport and the event (e.g., post–season). Monitoring for compliance can be challenging due to the number of events, recipients, and last minute ticket changes. Post–season competition intensifies the need for strong internal controls as tickets tend to be in high demand and there is generally limited time for monitoring and review.

The Ticket Office is responsible for recording, printing, disbursing, and reconciling all complimentary tickets. Staff provides full ticket services online and from their location at the South Campus athletic complex. Within the Ticket Office, there are multiple sport coordinators responsible for allocating complimentary tickets. Each coordinator has at least one designated sport for which they are responsible. One customer service representative is assigned to manage all ticket donation requests. Ticket Office personnel use the Paciolan[5] ticketing system as part of their daily operations.

In addition to complimentary tickets, parking passes and access passes (e.g., football sidelines, basketball tunnel) can be complimentary and may be considered extra benefits by the NCAA in certain circumstances. Distribution of passes is managed by the Ticket Office, Media Relations, or Operations and Event Management depending on the type of pass. The operational processes, including oversight and monitoring, for complimentary parking and access passes extend beyond the Ticket Office and are a responsibility shared by multiple units in ICA, including the following:

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[5]Paciolan, a third party vendor, was founded in 1980 and is a leading ticketing service and software provider in North America.

- CSO – Staff review guest lists that include student–athlete guests, recruits, coaches, and non–UM coaches, aid in ensuring donated tickets are compliant with NCAA restrictions, and conduct annual NCAA compliance training for ICA staff.
- Media Relations – Personnel have a role in managing certain special access passes and designating season and individual access passes.
- Athletic Development – Personnel have a role in monitoring complimentary tickets received by dealerships participating in the dealer vehicle program, University donors, and others, as well as coordinating the arrangements for receiving parking passes on a bi–annual basis with the Ticket Office.
- Athletics Business Office – Personnel conduct financial reviews of ticket sales for sporting events for purposes of ICA accounting records and tax reporting.
- Operations and Event Management – Personnel conduct orientation training sessions for temporary ICA event staff and have a role in managing certain types of access passes.

The annual NCAA compliance review performed by University Audits assesses the adequacy of CSO processes for monitoring compliance with key NCAA guidelines. The CSO and the Ticket Office share responsibility for ensuring that complimentary ticket processes are compliant with NCAA requirements. Each year, the NCAA compliance audit reviews a sample of tickets received by recruits, guests of student–athletes, and coaches, but does not review complimentary parking and access passes (e.g., special access passes, sideline passes) or complimentary tickets given to other recipients.

The University is governed by the NCAA Division I bylaws. These bylaws impose limitations and boundaries on the receipt and use of complimentary admissions, parking, and access passes. Specific bylaws:
- Limit the number of complimentary admissions depending on the recipient's affiliation with the team and the event (e.g., regular or post–season play).
- Preclude complimentary ticket recipients from exchanging or assigning their complimentary admissions for money or any item of value.
- Prohibit the receipt of gifts (i.e., extra benefits) by a student–athlete or a student–athlete's relatives or friends at a free or reduced cost, or any special arrangement that is not available to the general public and all other students at the University.
- Do not permit the University to provide special seating at athletic events to prospective student–athletes.

Violations of NCAA provisions regarding complimentary admissions, parking, and access passes may result in student–athlete eligibility ramifications and financial sanctions to the University.

Beyond NCAA compliance, there is risk associated with complimentary tickets due to the potential for personal gain. Some universities have reported non–compliant ticketing activity, including an instance of substantial ticket fraud at University of Kansas. In light of these instances, the ICA has been proactive in their efforts to ensure complimentary ticket procedures are in place.

The objective of this audit was to evaluate the operational processes surrounding complimentary tickets and other complimentary items to ensure procedures are effective in maintaining compliance with NCAA, University, and ICA policies. Specifically, this audit focused on complimentary tickets distributed during the 2010–2011 athletic season. This audit objective was accomplished by interviewing key process personnel and reviewing documentation for samples of complimentary tickets, event reconciliations, access passes, and ticket donations. Onsite reviews of the ticketing system and relevant websites were also performed.

Risk and Control Discussion

ICA policy regarding complimentary tickets does not clearly delineate who can receive complimentary tickets and under what circumstances. More than one million athletic event tickets were disbursed in the 2010–2011 athletic season, of those, sixty–six thousand were complimentary tickets, representing less than six percent of all tickets. Complimentary tickets were given to student–athletes, recruits, program guests, ICA coaches and staff, Regents, Executive Officers, and for marketing purposes. The Ticket Office is highly decentralized in their operations. Since tickets for each sport are managed by a different individual, the individual in charge of each sport has significant system access and work autonomously with little oversight. Complimentary ticket handling procedures are different for each sport, some undocumented, which can create inconsistent procedures across ICA for requesting, approving, disbursing, and reconciling complimentary tickets.

There are five established methods within ICA for requesting a complimentary ticket. Recipients of complimentary tickets received through these methods are reviewed by the Ticket Office and the CSO for compliance and appropriateness. However, when staff members do not use one of the established methods, the risk for non–compliance and/or personal gain may increase. The CSO cannot effectively ensure compliance in processes outside of normal procedures. Appropriate supporting documentation is crucial to demonstrate that a complimentary ticket transaction is appropriate. ICA units are unclear about supporting documentation that must be maintained as evidence of NCAA compliance. Standardization and documentation detailing appropriate complimentary ticket recipients and methods for receiving tickets would enhance the ability of the Ticket Office and CSO to monitor for compliance with NCAA, University, and ICA policies.

- Documented Policy and Procedure – Develop and document a robust complimentary ticket policy that encompasses all ticketed sports and clearly delineates criteria for who is allowed to receive complimentary tickets. Include policy guidance regarding donated tickets and special access passes. A specific written policy will help clarify expectations and ensure all units involved in the process have a shared understanding. Document the procedures for handling complimentary tickets. If possible, standardize the procedures across the various sports to aid in efficient management oversight and encourage the continuity of operations in the absence of key staff members.

  To prevent misuse of tickets, ensure key steps in the ticket handling process, particularly approving, recording, reconciling, and reviewing tickets, are appropriately segregated. Procedures should state the expectation that only approved methods, with the proper authority, should be used for distributing complimentary tickets. CSO procedures should also be documented to help ensure all approved methods for distribution are sufficiently monitored for compliance. Because ticket distribution outside of approved methods makes it difficult for the CSO to ensure NCAA compliance, any tickets distributed as an exception to an approved method must be communicated to and approved by the CSO.

  Management Plan – By January 2012, the Ticket Office will establish a complimentary ticket policy and procedure manual that will detail the allocation, distribution, and reconciliation of all complimentary tickets.

  As of August, the CSO has reviewed and revised its policy and procedures regarding the monitoring of complimentary admissions. The procedures specify that any method used by the Ticket Office for distributing complimentary admissions outside of PlayerGuest.com and PassLists.com must be reviewed and approved by the CSO.

- Monitoring and Oversight – It is important that complimentary tickets are monitored so that any inappropriate use of authority would be detected timely. Defining the responsibility of Ticket Office leadership for monitoring and oversight is important. When monitoring ticket recipients, review all complimentary tickets, including roll tickets and all tickets recorded in Paciolan (e.g., season tickets). Complimentary tickets entered in Paciolan as a lump sum number should include comments or documentation sufficient to determine recipients and their appropriateness. As a best practice, enter only student–athlete guests in the applicable website to avoid inaccurate guest counts and for ease of compliance monitoring. Some sports have complimentary ticket recipients attest to awareness of the NCAA rules as part of the CSO's compliance framework. The attestation serves as an opportunity to remind and educate ticket recipients and also serves as a way to monitor that recipients were appropriate. For those sports that do not require a NCAA attestation, the Ticket Office should work with the CSO to establish attestation methods for the various complimentary ticket distribution methods (e.g., envelopes, sign–up sheets).

  Individual game reconciliations are essential for overall monitoring of complimentary tickets. Develop a standard method of ticket reconciliation and ensure all Ticket Office staff is trained on proper reconciliation procedures. Assign management review responsibilities to oversee that reconciliations are completed timely and accurately. To ensure reconciliation procedures are working effectively as a detective control, consider:
  - Procedures for escalating discrepancies to Ticket Office management and/or the CSO.
  - Monitoring procedures to ensure voided tickets are appropriate (e.g., tickets are not voided to eliminate discrepancies) and can be explained.
  - Consistent away–game reconciliation procedures.
  - Sign and date the reconciliation as a way to evidence timeliness and establish retention guidelines.

  Management Plan – As of November, the Ticket Office has completed the following:
  - Eliminated the use of roll tickets for complimentary admissions.
  - Student–athlete guests are now entered only in the applicable website to avoid inaccurate guest counts and for ease of compliance monitoring for home games. Limited entry of non–student–athletes for away games is completed in order to provide a list of complimentary ticket recipients to the host school.
  - An attestation statement of NCAA rules is included on all forms, envelopes, and sign–up sheets used by the Ticket Office.

  By December the Ticket Office will develop a standard form for the reconciliation of complimentary tickets used at events and establish procedures for appropriate management review.

- Recording of Complimentary Tickets – Documentation of who received complimentary tickets is critical to monitor and evidence NCAA compliance. Retain clear supporting documentation for all distributed complimentary tickets. The CSO can help define what supporting documentation is appropriate to ensure NCAA compliance in each of the approved distribution methods, and set retention timelines. In particular, to make documentation more complete:
  - Define procedures for the Ticket Office including information about what does/does not need to be recorded in Paciolan, specifically for roll tickets and special passes.
  - Work with website administrators to ensure that records of complimentary tickets for guests of student–athletes are maintained even after athletes become inactive or ineligible.
  - As a best practice, retain the source report of guests from each website as evidence prior to working with the data for game–day preparation activities.

- Staff Ticket Sign–Up – An ICA staff sign–up sheet to receive complimentary, individual game tickets is held at the Ticket Office window with a stack of tickets prior to each event. When taking tickets, staff members are required to complete all fields on the sign–up sheet and attest, with their signature, that they are in accordance with NCAA rules (i.e., they will not sell the tickets or give them to prospects). To improve the documentation and ensure complimentary tickets to staff are compliant:
  - Create procedures for reviewing staff sign–up sheets to ensure all fields are complete, recipients are appropriate, and employees sign for their own tickets. The reviewer should pay particular attention to names manually added to the list to ensure compliance with NCAA ticket restrictions. This is necessary because some positions, such as volunteer coaches, graduate assistants, and temporary employees, can receive tickets through various established methods. Comparing the staff sign–up sheet, game–day revisions, and the guest listings is necessary to fully ensure compliance on ticket limits.
  - Perform frequent updates of the list of employees on the pre–printed sign–up sheet to make review more efficient.
  - Regularly communicate sign–up sheet requirements to ICA staff.

- Ticket Donations – Reiterate to staff that all donation requests must go through the established process. To standardize and appropriately segregate the ticket donation process:
  - Formally document the ticket donation process, updating the decision–making flowchart currently used ensuring it reflects all necessary NCAA compliance requirements.
  - Consider the use of a formal request form for donation requestors to complete and a donation request checklist to ensure all procedures were followed.
  - Add monitoring steps since donation requests are handled by one individual within the Ticket Office and ensure approvals are obtained from a level of authority higher than the requestor.
  - To make monitoring and reporting easier, consider recording donated tickets in Paciolan with a unique code to indicate donated tickets. Donated tickets may be sent to the requestor's personal address rather than the organization, creating the risk that the tickets may not be received by the intended beneficiary. Evaluate delivery procedures to ensure this risk is minimized.

Management Plan – As of November, the Ticket Office completed the following:
- Eliminated the use of roll tickets for complimentary admissions.
- Created a document detailing the inclusion/exclusion of non–Ticket Office generated special passes in the Paciolan ticketing system.
- Made the source reports for PlayerGuest.com and recruiting complimentary admissions for each game available to the Ticket Office supervisor and are include them as part of game reconciliation material.
- Created a document to educate Ticket Office staff on the procedures for reviewing the staff sign–up sheet to ensure recipients are appropriate, all fields are completed, staff members only signed for their own tickets, and to review the manual addition of any staff member not currently on the list.

By January 2012, the Ticket Office will create a policy to document ticket donation procedures that will include an updated decision–making flowchart and a request form for donation requestors to complete that will include appropriate sign–offs by management. In addition, a Price Type in Paciolan will be created just for donated tickets.

- Complimentary Parking and Access Passes – To prevent inappropriate use of parking passes, ensure the process is not controlled completely by one individual. Collect complimentary parking passes from terminated employees so they can be voided. Develop and document procedures for requesting, approving, disbursing, and reconciling all season and individual special access passes. When developing procedures, Media Relations should work with all departments that have a role in this process, such as Operations and Event Management, to include procedures for all pass types (e.g., tunnel, zone access, sideline wristbands, media). Safeguard passes by securing them in one location and limiting access. Promote inventory control and appropriateness of recipients by recording relevant information when passes are distributed (e.g., distributor, number of passes given out and for what purpose, date distributed). Perform a reconciliation of passes, at a minimum, at the end of each season.

  Management Plan
  - In August, the Ticket Office created a spreadsheet for individual game distribution of parking passes for football, men's basketball, and hockey.
  - Reconciliation procedures will be developed for parking passes for each ticketed sport to be performed at the end of each season. (December 2011)
  - The Media and Public Relations Office will work with all internal units to determine the credential needs for their area at all sporting events. Procedure documentation will be developed detailing the process for requesting, approving, disbursing, and reconciling each season and individual pass type. All credentials will be stored in a secure location and distributed by the Media and Public Relations Office Manager to all internal and external entities. Each leftover credential will be reconciled at the end of each season and left over passes will be destroyed. (December 2011)

- System Access and Use – Document the process for granting, removing, and reviewing system access to the ticketing system and websites used by the Ticket Office. Frequent monitoring and sufficient oversight by Ticket Office management of access and use is needed to detect any manipulation in the system. Retain evidence by signing and dating the access listing reviewed. Consider use of an on/off boarding checklist. For each Ticket Office position, define the least necessary access roles in Paciolan required to perform job responsibilities. Remove unnecessary access, particularly for those individuals with excessive time since last log–in. Properly segregate the responsibilities for the administration and review of access and clearly document frequency of review. Encourage greater system knowledge by implementing a formal cross–training program or provide similar educational opportunities to staff members so they may act effectively as a back–up to the unit's subject–matter expert.

  Management Plan – As of August, the Ticket Office has implemented an Operator Access Report that is run monthly from Paciolan. The report is updated by the Assistant Ticket Office Manager and reviewed by the Director of Ticket Operations.

- **Compliance Monitoring**
  - Tutor Complimentary Tickets – Student–athletes have access to academic tutors through the Academic Success Program (ASP). It is U–M policy and best practice that tutors do not receive complimentary tickets from student–athletes. To ensure compliance, the CSO reviews the student–athlete guest listing for each event for tickets given to tutors. To strengthen this process:
    - Obtain the student–athlete tutor listing from the ASP as early as possible in the athletic season. When received, perform a retroactive review of all student–

> > athlete guest listings to verify tutors did not receive tickets to completed events when the tutor list is made available.
> > - Review by last name to avoid mistakes due to nicknames, or other variances.

> - Compliance Education – To aid permanent ICA staff, Operations and Event Management employs approximately 850 to 900 temporary event staff members to perform certain responsibilities during events (e.g., disbursing tickets, scanning tickets, security). Event staff is required to complete training conducted by Operations and Event Management personnel before beginning work. To better ensure temporary staff do not inadvertently violate NCAA complimentary ticket rules when performing their duties (e.g., giving out too many tickets or providing tickets to restricted individuals), the CSO should:
>   - Work with Operations and Event Management to incorporate relevant information regarding compliance with NCAA complimentary ticket admission limits, including steps for escalating ticket concerns on game–day as part of event staff training.
>   - Re–evaluate the compliance education materials sent out on an annual basis to ensure it includes all applicable NCAA regulations regarding complimentary tickets.

> **Management Plan –** As of August, the CSO staff has revised its policies and procedures to specifically state that for events in football and men's or women's basketball it will review all complimentary admissions lists for that term against the tutor list, even if the tutor list is provided after the start of the term. The CSO has also developed a brief summary of the rules related to complimentary admissions to be provided to ticketing and game day event staff. The CSO has provided this document to the Assistant Athletic Director for Event Management and the Director of Ticket Operations for distribution to appropriate temporary staff. The CSO continues to review its educational materials regarding all issues including complimentary tickets to identify enhancements to its ongoing educational efforts.

Communication between ICA units and management oversight are vital components to managing the operational and compliance risks associated with complimentary tickets. University Audits will conduct a follow–up review during the third quarter of fiscal year 2012 to assess the effectiveness and adequacy of additional controls implemented by management.

Information Technology

[Information and Technology Services MCommunity Sponsored Accounts](#)   #2011–304
Report issued November 22, 2011

Authentication of an individual's identity is a fundamental component of physical security and logical access control processes. When an individual attempts to access University IT resources, an access control decision must be made. An accurate determination of identity is needed to make sound access control decisions.

The MCommunity Sponsor System allows authorized U–M staff members to obtain uniqnames and create online identities for people who are affiliated with the University. Sponsored individuals include conference attendees, contractors, incoming faculty who need access to U–M resources before the hiring process is complete, guests who need wireless access, and others. The sponsored individual's identity

type depends on whether the sponsored person needs a regular uniqname and a UMID or only transient access.

Relationship/Business Reason	Uniqname Type	UMID	Identity Type	Default Length*	Data Required
Temporary Staff	Regular	Yes	Strong	1 year	Wolverine–Access required data or UMID
Incoming Faculty/Staff	Regular	Yes	Strong	6 months	Wolverine–Access required data or UMID
Contractors	Regular	Yes	Strong	30 days	Wolverine–Access required data or UMID
Academic Affiliates	Regular	Yes	Strong	1 year	Wolverine–Access required data or UMID
Other University Affiliates	Regular	Yes	Strong	1 year	Wolverine–Access required data or UMID
U–M Online Subscribers**	Regular	Yes	Strong	1 year	Wolverine–Access required data or UMID
Long–Term Guests	Regular	No	Weak	1 year	Full name and non–UMICH e–mail address
Conference/Program Participants	Temporary	No	Weak	30 days	Full name and non–UMICH e–mail address
Wireless Users	Temporary	No	Weak	10 days	Full name and non–UMICH e–mail address
Short–Term Guests	Temporary	No	Weak	90 days	Full name and non–UMICH e–mail address

Sponsorship Administrators[6] can change the suggested (default) sponsorship length when they set up sponsorships. The maximum length is 1 year. All sponsorships are renewable as long as they have not yet expired.
**Only the ITS Access and Accounts Office can set up sponsorships for U–M Online subscribers.*

With the limited amount of information gathered for sponsored accounts, it is important that the person and/or data used to make an authoritative decision on granting an account is using accurate and verified information; that is, positive proof that the person being sponsored is who they say they are. The authoritative source[7] for sponsored accounts is the information provided to the sponsoring department by the sponsored individual and input into the MCommunity Sponsor System. Once the data is entered in the Sponsor System, it is deemed reliable and is used as an authoritative source.

Roles in the Sponsor System consist of:
- Sponsor – A U–M department or unit that is responsible for the creation and/or management of identities in the MCommunity Sponsor System in their unit.
- Sponsorship Administrator – An individual who uses the MCommunity Sponsor System to set up sponsored identities and get uniqnames. Sponsorship Administrators are responsible for providing true and accurate identity information and maintaining the sponsored identities they have created.
- Sponsoring Authority – A person who authorizes Sponsorship Administrators for specified University departments. It is the responsibility of the Sponsoring Authority to oversee the Sponsorship Administrators and ensure that appropriate policies and guidelines are followed. Sponsoring Authorities are responsible for setting appropriate identity verification guidelines for

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[6]See Roles in the Sponsor System in this report for details.

[7]Authoritative Source: A managed repository of valid or trusted data that is recognized by an appropriate set of governance entities and supports the governance entity's business environment.

local Sponsorship Administrators, including providing them with procedures for verifying the identity information for the people the unit sponsors. It is the Sponsoring Authority's responsibility to ensure that data entered into the Sponsor System for their unit is accurate and true
- Requester – A person in the sponsoring department who asks for a sponsorship

The primary objective of the audit was to verify that authoritative sources used to authorize the creation of sponsorships for University systems are valid, trusted, and highly reliable. The MCommunity Product Manager and the Access and Accounts Manager were interviewed along with five judgmentally sampled Sponsorship Administrators. Of the five departments chosen for review, two were high volume users, two were low volume users, and the fifth was chosen without regard to any specific criteria from the list of remaining users.

University Audits evaluated:
- Policy governing the MCommunity Sponsor System
- Roles and responsibilities of Sponsoring Authorities and Sponsorship Administrators
- Maintenance performed on created sponsorships
- Procedures for maintenance of Sponsoring Authority and Sponsorship Administrator roles
- Data used to make authoritative decisions for creating a sponsorship
- Training available for individuals creating and administering sponsorships

Risk and Control Discussion
- Sponsorship Administrator – MCommunity Sponsor System Overview indicates that only Sponsorship Administrators can use the system. In a sample of various sponsored accounts and departments that create sponsorships, University Audits identified some sponsorships that were created by personnel not identified as Sponsorship Administrators. Personnel not designated as Sponsorship Administrators should not be able to access the sponsor system.

   Management Plan – The MCommunity team has identified a gap in the daily report that lists Sponsor System Administrators. ITS MCommunity support staff, who are granted "all departments" sponsor access, are not listed on the report. The report will be modified to explicitly list the uniqnames of all staff who have all department Sponsorship Administrator access. In the meantime, a list of uniqnames that have this access can be produced using an ad–hoc query of the system. Enhancements for the Sponsor System are developed on an ongoing and incremental basis. The MCommunity team expects to deploy the improved report by May 2012.

- Improper Permissions – Review of personnel records revealed that a Sponsorship Administrator has retained permission to sponsor accounts for their former department and a retired employee is listed as a Sponsoring Authority within the sponsor system, leaving the Sponsorship Administrators without any oversight. Departments are responsible for communicating changes to MCommunity when Sponsoring Authorities or Sponsorship Administrators leave the department/University or their appointment changes. This process is sometimes overlooked. The MCommunity Sponsor System should have automated controls or continuous monitoring processes to ensure only appropriate personnel maintain the roles of Sponsoring Authority or Sponsorship Administrator. A modification to an existing Sponsoring Authority or Sponsorship Administrator appointment should trigger a review of permissions granted to the individual.

   Management Plan – The current process for reviewing Sponsoring Authorities and Sponsorship Administrators is a manual review conducted approximately once per year. The MCommunity

Team will pursue the following enhancements to the Sponsor System to increase both frequency and automation of these reviews:

- o Enable Sponsoring Authorities to produce an on–demand report of all Sponsorship Administrators in their department(s)
- o Enable Sponsoring Authorities to log in to the Sponsor System to directly and immediately revoke access via the Sponsor System user interface.
- o Produce automated notifications to the ITS Access and Accounts team and to the affected departments when Sponsoring Authorities or Sponsorship Administrators leave the department/University or their appointment changes.

Enhancements for the Sponsor System are developed on an ongoing and incremental basis. The MCommunity team expects to deploy at least one of the above enhancements by May 2012.

- Monitoring of Sponsored Accounts – Sponsorships are not always appropriately maintained in the departments examined. Through interviews with the selected departments, University Audits learned that none tracked whether account sponsorships were still needed. Expiration dates are used and if an account no longer requires the sponsorship, the Sponsorship Administrators allow the sponsorship to expire. However, not identifying unneeded sponsorships and revoking them in a timely manner allows those accounts to maintain access that may be inappropriate. Unless their accounts are disabled, sponsored individuals can access any University system that requires only a uniqname and Kerberos password. Sponsorship Administrators mistakenly assume that sponsorships are automatically updated when the sponsored individual is transferred or terminated.

Sponsorship Administrators need a viable method for managing the sponsorships they create. If this change is unfeasible, then policy needs to detail Sponsorship Administrators' responsibility for monitoring their sponsorships. Procedures should be established identifying how Sponsorship Administrators are to monitor and maintain the sponsorships created.

Management Plan – The Sponsor System application currently provides no easy mechanism for departments, especially large departments, to monitor all their active sponsorships. The MCommunity Team will pursue the following enhancements to the Sponsor System to enable departments to conduct effective reviews:

- o Enable Sponsoring Authorities and Sponsorship Administrators to produce an on–demand report of current sponsorships in their department(s)
- o Enhance the Sponsor System user interface to simplify the process of either extending or shortening the sponsorship end date.

In addition, review the existing policies and guidelines with the MCommunity Governance Board and recommend any changes or clarifications. Enhancements for the Sponsor System are developed on an ongoing and incremental basis. The MCommunity team expects to deploy at least one of the above enhancements by June.

- Data Verification Policy – Policy does not indicate what forms of identifications should be used to validate the information provided to the sponsor before the sponsorship is created. Effective identity management is essential to ensure the confidentiality, integrity, and availability of faculty, staff, and student data.

Identities are not verified prior to Sponsorship Administrators creating sponsorships. MCommunity Sponsorship Administration Policies and Agreement R1459 states: "When you create a MCommunity sponsored identity, you are responsible for ensuring that the information

you enter represents a real person who is authorized by your department to become a sponsored member of the University community." Review of the processes used at the department level for sponsoring accounts does not support compliance with this assertion.

Management Plan – The current policy was determined and approved by the MCommunity Governance Board. Board members include stakeholders from schools, colleges, and business units across the university. We will review the existing policies and guidelines with the Governance Board and recommend any changes or clarifications.

- Recurring Training **–** Sponsoring Authorities and Sponsorship Administrators are not required to perform refresher training for their roles and responsibilities in the Sponsor System. Although the process used to create sponsorships is a simple process that does not require a lot of training, the roles and responsibilities involved with creating sponsorships are vital to security and should be used carefully.

  Management Plan – The current training guidelines and requirements were determined and approved by the MCommunity Governance Board. Board members include stakeholders from schools, colleges, and business units across the university. We will review the existing guidelines with the Governance Board and recommend any changes or clarifications. We will assess the level of training expectations and recurrence in comparison to similar administrative systems, such as the M–Pathways HRMS/Student Administration application.

- Policy Enforcement **–** Testing indicates that individuals have been assigned as both Sponsoring Authority and Sponsorship Administrator for the same department. This is in direct violation of MCommunity Sponsorship Administration Policies and Agreement (R1459) stating that "Sponsorship Administrators cannot also be Sponsoring Authorities. Sponsorship administration and authorization are separate activities that must be done by different people."

  Some departments also have Sponsorship Administrators but no Sponsoring Authorities. MCommunity Sponsoring Authority Policies and Agreement (R1460) states that "It is the responsibility of the Sponsoring Authority to oversee the Sponsorship Administrators s/he has authorized and ensure that appropriate policies and guidelines are followed. The Sponsoring Authority oversees sponsorship processes within his or her unit." Without a Sponsoring Authority assigned, the Sponsorship Administrators lack any oversight. Automating controls in the Sponsor System to prevent these situations will ensure the policies governing the sponsorship process are adequately enforced.

  Management Plan – The current process for reviewing Sponsoring Authorities and Sponsorship Administrators is a manual review conducted approximately once per year. We will pursue the following enhancements to the Sponsor System to increase both frequency and automation of these reviews:
    - Enable Sponsoring Authorities to produce an on–demand report of all Sponsorship Administrators in their department(s)
    - Produce automated reports to Sponsoring Authorities on a regular basis. Frequency of such reports to be determined in consultant with our Governance Board with feedback from University Sponsoring Authorities.
    - Produce automated notifications to the ITS Access and Accounts team and to impacted departments when Sponsoring Authorities or Sponsorship Administrators are found to have conflicting roles, or when an Sponsoring Authority role becomes vacant.

  Enhancements for the Sponsor System are developed on an ongoing and incremental basis. The MCommunity team expects to deploy at least one of the above enhancements by June.

The MCommunity Sponsor System enables departments to handle identity management for incoming and visiting faculty, guests, conference attendees, contractors, and others that are not a full–time employees of the University. MCommunity Sponsor System is continuously improved and updated. The process for requesting the Sponsoring Authority and Sponsorship Administrator roles was previously a paper process. Now the Online Access Request System (OARS) can be used to request Sponsor System Roles, allowing Sponsoring Authorities to manage their administrators via OARS. System improvements have included the ability to collect identity information via University of Michigan Identification Numbers (UMID). Also, notifications can be sent to individuals alerting them that a sponsorship is about to expire.

Sponsoring access is a significant responsibility and thought should be given to the amount of privilege allowed to individuals that do not work with identity management issues on a day to day basis. Uniqnames, UMIDs, and Kerberos passwords are created using the information entered in the Sponsor System, accurate or not. The MCommunity Sponsor System is a useful tool for departments. As the system continues to grow, it is important to ensure proper internal controls are built into the Sponsor System. The MCommunity Sponsor System and related policy relies on the departments and units to govern key elements of identity management. Observations during the audit identified processes that allow for an unnecessary level of risk within the University's identity management. By following the above recommendations, the MCommunity team can strengthen the controls governing the Sponsor System and help ensure the information in the Sponsor System is reliable. A formal follow–up to the outstanding issues will be conducted during the fourth quarter of fiscal 2012.

Healthcare

[Michigan Nanotechnology Institute for Medicine and Biological Sciences Fiscal Responsibilities](#)
Report issued November 22, 2011   #2012–218

The Center for Biologic Nanotechnology was formed in 1998. In 2005, the name was changed to the Michigan Nanotechnology Institute for Medicine and Biological Sciences (MNIMBS). The Institute is a multidisciplinary team of chemists, physicists, engineers, toxicologists, physicians, biologists, pharmacists, and bioinformatics specialists collaborating on nanoscience. The Institute's research focuses on several different technologies including small particle (nano) emulsion for vaccines and treatment of wounds and burns, nanodevices for chemotherapeutic treatment of cancer, arthritis and cardio–vascular problems, and dendrimer[8]–based analgesic and anti–analgesic prodrugs. Numerous devices have been developed for small molecule detection and low–affinity binding measurements. The MNIMBS Director is also a professor of Internal Medicine.

NanoBio Corporation was founded in 2000 as a University start–up company to develop and commercialize products for the prevention and treatment of infectious diseases. The University has multiple technology licensing agreements with NanoBio. NanoBio and MNIMBS have significant and ongoing collaborative research and development projects. The MNIMBS Director is the founder, Chief Scientific Officer, and Chairman of the Board of Directors of NanoBio and the developer of the NanoStat technology, which is licensed to NanoBio. An oversight committee and Conflict of Interest (COI) Management Plan were implemented in 2005 to manage the COI related to the Director's significant financial and management interests in NanoBio and MNIMBS ongoing relationship with the company.

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[8]*Oxford Dictionary definition*–synthetic polymer with branching, tree–like structure.

The purpose of this audit was to assess MNIMBS business operations and internal controls to ensure stewardship and fiscal responsibility. University Audits evaluated the adequacy and effectiveness of controls governing the following processes within MNIMBS:

- Conflict of interest/conflict of commitment management
- Sub–recipient/sub–contract monitoring
- Grant management
- Financial reporting and budgets
- Safeguarding of assets
- Procurement, travel, and hosting
- Gift and endowment management
- Payroll, timekeeping, and human resource management
- Lab safety and security

Controls over business processes were generally strong and conformed to University standards in most areas reviewed.

Risk and Control Discussion

- <u>Sub–Contract Payments to NanoBio</u> – A sub–contract exists with NanoBio in which MNIMBS is the prime award recipient for a Federal contract with the National Institutes of Health (NIH). The Director's COI Management Plan requires the Finance Director for Internal Medicine to review and approve all NanoBio invoices.

  A review of NanoBio invoices received, approved, and paid showed the invoices were approved by the Finance Director of Internal Medicine as required and sufficient documentation existed to support the payments. However, the following issues were noted:
    - Salaries of NanoBio's Chief Operating Officer, Chief Financial Officer, Controller, and other administrative staff were charged as direct costs. Under federal cost standards, such administrative costs would normally be considered indirect costs and included in the indirect cost rate.
    - Salaries in excess of the NIH salary caps were charged as direct costs. The NIH salary cap is $199,700 for fiscal year 2010 and 2011 and is applicable to all sub–contracts associated with the grant.

  Management Plan – Sponsored Programs, Internal Medicine, and MNIMBS Administration will work together to reach appropriate resolution.

- <u>Conflict of Interest Disclosures</u> – The Director's COI Management Plan requires him to disclose his financial interest in NanoBio to "all University trainees (e.g., students and post–doctoral fellows), faculty, or staff who work in his University laboratory and who participate in the research." He also must inform these individuals that "any questions, comments, or concerns related to his affiliation to NanoBio … can be directed to the Chair of the Department of Internal Medicine." The COI Management Plan includes a recommendation that the Director should maintain documentation regarding these disclosures in his files.

  The Administrative Director of MNIMBS stated that verbal discussions regarding the COI occur with students, faculty, and staff on a regular basis. University Audits could not substantiate that a formalized process was currently in place for informing interested parties of the COI. While documentation was found to support that a memo had been issued by the Director in February of 2009 disclosing pertinent information, no documentation of a more recent disclosure was

available. In addition, no evidence was retained to verify that all new employees were made aware of the COI.

Management Plan – On November 7, 2011, the Director issued disclosure notification to all interested parties in compliance with terms of the COI Management Plan. Documentation of the disclosure is retained by the Administrative Director. In the future, management will annually provide written disclosure to all interested parties.

*Auditor's Comment: **This issue is closed.***

- Financial Management **–** Overall control of financial processes (including oversight, approvals, and separation of duties) is strong. A few areas where controls could be improved are as follows:
    o Statements of Activity are not sufficiently reconciled to source documentation and no formal documentation was retained of management review of the reconciliations.
    o Budget and variance explanation approvals were not documented. While verbal discussions occurred on a regular basis, no documentation of approvals was retained.

Management Plan – MNIMBS administrative staff will schedule training for the E–reconciliation system. In the interim, a process has been implemented to formalize acknowledgement of management review and approval of both Statements of Activity and budget reports.

- Safeguarding of Assets **–** Property Control is responsible for tracking and tagging all University assets valued at $5,000 and over. University's Property Control inventory procedure requires that a bi–annual inventory be performed by each department/unit to ensure that all assets are accurately accounted for and recorded. Property Control directs each unit to perform a room by room inventory to validate the location, serial number, model, manufacturer, custodian, and contact for each asset assigned. MNIMBS personnel completed this inventory process in May 2011; however, the sample selected for review by University Audits revealed a few discrepancies. Assets identified on the inventory listing as being located in Engineering labs could not be readily located, had no asset tags attached, or were tagged with sticky labels rather than official University tags. One item had a manually created tag that did not match the model number or serial number on the asset listing. Two of the assets that were not appropriately tagged or located had been purchased with Federal grant funds. Inventory all assets to ensure reporting is accurate and complete prior to the required bi–annual inventory in 2013.

Management Plan – Management will ensure that all equipment is located and tagged. All unused or obsolete equipment will be appropriately disposed.

Overall, MNIMBS has strong controls in the areas reviewed. Processes are adequately segregated. The Department Administrator has a thorough grasp of control processes and procedures, and significant knowledge and awareness of good financial management processes. Staff is experienced and knowledgeable and follow well–documented procedures. An appropriate Conflict of Interest Management Plan is in place.

University Audits will follow up on the status of action plans during the fourth quarter of fiscal year 2012.

[University of Michigan Medical School W. K. Kellogg Eye Center Business Operations](#)   #2010–204
Original report issued August 27, 2010   Follow–up report issued September 30, 2011

Kellogg Eye Center management has implemented all action plans and improved accountability. A summary of management's actions is noted below. **This audit is closed.**

- Financial Monitoring and Oversight – Management developed, documented, and implemented a department–wide Statement of Activity (SOA) reconciliation process, whereby directors, primary investigators, office managers, and other staff members participate in verifying the accuracy and appropriateness of financial transactions for their respective areas. In addition to participating in SOA reconciliations, Optical Shop management developed processes for reconciling bank statements and implemented a new policy that requires prepayment for all eyewear orders.

- Procurement and Travel – Management took the following actions to enhance procurement processes:
  - Required administrative staff to complete Concur training; five employees completed the Concur Approver eLearning Course available in MyLinc
  - Distributed the workload and oversight of expense report approval to designated approvers
  - Implemented a policy to restrict non–travel/hosting related charges on P–Cards
  - Initiated discussions with Procurement Services staff to analyze spend patterns and find alternative procurement methods to reduce costs

- Grant Management and Effort Reporting – The Center's Human Resources Director assumed responsibility for effort certification and was instrumental in revising processes to obtain and follow–up on funding change updates that affect effort. HR staff monitors effort certification on a regular basis and contacts staff – and when necessary terminated staff or alternate signers – to certify/recertify effort. HR staff also sends out quarterly e–mails to remind staff to review effort distributions and report errors.

- Inventory Management – The following steps were taken to strengthen inventory controls:
  - Management, with support from Medical Center Information Technology (MCIT), determined it is not feasible to automate inventory tracking for the Optical Shop using their current eye care practice management system. Management will research the feasibility of upgrading the system in the future. Optical Shop staff will continue to perform periodic manual physical counts to track inventory.
  - Management enhanced processes for tracking injectable pharmaceuticals and rotating stock to better account for medications and reduce the risk of obsolescence. UMHS Pharmacy helped the Center improve access controls over a controlled substance maintained on–site.
  - Designated areas are providing sufficient information to the Center's Accounting Office to facilitate their review of credits for returned supplies.

- Charge Capture Process – Clinic coordinators are now reviewing *Patient Removed from Census* reports daily. The Front End Billing Manager runs the report monthly to spot check areas and

individuals who removed names from the census. This ensures charges for services provided are appropriately captured in the billing system.

- Payroll – Management reassigned the review of temporary employee Gross Pay Registers to a senior accountant who is not responsible for processing payroll for temporary employees. This ensures appropriate segregation of duties. Management also enhanced processes over time entry validation, PTO buyback, and tuition support.

- Cash Management – Management improved accountability over change funds by updating the names of Center imprest cash fund (ICF) custodians and higher administrative authorities. Separate ICFs were established for optical shops in Ann Arbor and Canton.

- Organizational Structure – Administrators hired a senior clerk and a senior accountant to improve business operations. The senior accountant also supervises financial staff. Administrators will continue to perform periodic evaluations of the management structure.

Division of Student Affairs Recreational Sports   #2010–816
Original report issued March 2, 2011   Follow–up report issued October 25, 2011

In 2009, Rec Sports was moved from joint supervision by the Athletics Department and the Office of the Provost, to the Division of Student Affairs (DSA). The move positioned the department in a reporting structure more in line with their current mission. At the time of the original audit and again during a recent follow–up, University Audits noted that business practices were sound and that Rec Sports and DSA continue to improve the organization through collaborative management practices and shared infrastructure. All issues noted during the audit have been addressed. They are discussed below. **This audit is closed.**

- Recharge Rates – At the time of the audit, Rec Sports did not have approved recharge rates for some of its services and facilities rentals. University policy requires the Office of Financial Analysis approve internal recharge rates on at least a biennial basis. Rec Sports management has worked with the Office of Financial Analysis and has obtained approved rental and recharge rates for the Outdoor Adventure Center and the Climbing Wall. Analysis and rate development for facility rentals is well underway and final rate approval is expected by early November.

- Membership Database – Replacement of the aging, internally developed database that supports daily operations and membership tracking continues to be a high priority. DSA and Rec Sports management are in the process of reviewing potential commercial software solutions and developing a request for proposal, including funding. The management system is expected to be implemented during fiscal year 2013, if funding is approved.

- Information Technology (IT) – The Rec Sports IT environment was integrated with DSA IT to provide better services and reduce risk. Rec Sports IT staff attend all DSA IT staff meetings and meet periodically with the DSA IT Director. Remote desktop management software is in use to provide more efficient desktop support. The server infrastructure has been moved to an Information Technology Services data center as part of Virtualization as a Service (VaaS). Management and staff are collaborating to develop appropriate shared services.

- Procurement and Travel – Rec Sports management worked with Procurement and identified opportunities to more effectively use strategic vendors. There has been significant improvement in the past year in the use of purchase orders and strategic vendors versus P–Cards and Non–PO

vouchers. P–Card spending limits were reviewed and reduced, and Concur approval includes both the supervisor and the business manager.

- Employment **–** Rec Sports employs approximately 600 temporary staff members, most of whom are student employees. Departments are responsible for monitoring the ongoing status of temporary employees to ensure that they remain eligible for student employment. At the time of the audit, there was no comprehensive monitoring of student and nonstudent employment status. The Rec Sports Business Manager currently runs a monthly report developed by U–M Human Resource Records and Information Services to monitor student and nonstudent temporary employment status.

- Cash Handling **–** During the audit, University Audits noted some Rec Sports locations were not following established cash handling procedures. Rec Sports management reminded supervisory staff of the need to follow standard procedures and to review cash handling procedures with staff. Supervisors perform periodic monitoring to make sure staff continue to follow policy.

- Outdoor Adventure Center Processes **–** The Outdoor Adventure Center lacked formal procedures for parking space sales during home football games, and reporting and follow–up of missing rental equipment. Written procedures have been fully implemented.

- Continuity of Operations Planning **–** Rec Sports management is working with DSA in developing continuity of operations plans, to augment and update existing emergency response and pandemic planning. Employee phone trees are up to date and have been shared with staff. Drafts of the continuity plans are currently under review.

UM–CareLink Provider Order Entry System #2010–304
Original report issued March 30, 2011   Follow–up report issued November 3, 2011

In the original report, University Audits noted that the biggest risk to the UM–CareLink control environment is the potential that critical resources could be diverted to the MI–Chart implementation; this is still a concern. Although UM–CareLink will ultimately be replaced, it needs to be supported and upgraded for several more years. The MI–Chart transition has continually effected the staffing on the UM–CareLink team. University Audits recommends that Health System management continue to monitor UM–CareLink resources to ensure there is sufficient clinical and technical support to maintain operations.

University Audits also made some recommendations in March that management either addressed during the audit or reasonably accepted the risk due to system limitations or efficiency concerns. Management identified mitigating controls so no follow–up was performed for the following areas:
- Access Controls
- Incident Response and Escalation
- Change Control for order sets

A review was performed to assess management's action regarding the change control environment. There was no comprehensive listing of changes that could be made to the CareLink System without approval. Without such a listing, it was difficult to ensure changes were properly reviewed and approved.

To address this concern, management documented the definition of a standard change and included a comprehensive list of changes are considered to be standard changes. Changes that are not on the list of

standard changes require approvals via the normal or emergency change control process. **This audit is closed.**

[University of Michigan Center for Statistical Consultation and Research](#)   #2010–819
Original report issued June 23, 2010   Follow–up report issued November 3, 2011

Management made considerable progress on action plans that improve the overall control environment. A summary of management's actions is noted below. **This audit is closed.**

Consulting – Management took the following actions for issues relating to providing consulting services:
- Developed a new recharge rate for CSCAR consulting that reflects current and relevant costs such as administrative staff time. The new recharge rate was approved by the Office of Financial Analysis. Office of the Vice President for Research (OVPR) Shared Services plans to implement a method to review recharge rates annually and ensure new rates are submitted to the Office of Financial Analysis at least every two years. This method will be used for all OVPR units.
- Educated CSCAR employees that they cannot verbally agree to provide services to clients and that services cannot be provided for a flat fee.
- Created contract templates for CSCAR to use when contracting with internal and external clients.
- Set minimum hourly rates to charge CSCAR's external clients and educated CSCAR employees on appropriate rate adjustment procedures.
- Developed an OVPR policy documenting the requirement to reclassify external revenue in excess of costs from auxiliary funds to designated funds. The policy was communicated to all OVPR units.

Workshop Fees – Management analyzed actual costs for CSCAR to provide workshops and created new rates for internal and external customers that became effective July 1, 2010.

Unit Operations – To strengthen operational controls, OVPR Shared Services:
- Created new CSCAR cash handling procedures that segregate cash collection, recording, and monitoring among different employees. The University's Accounts Receivable department now invoices CSCAR's external clients.
- Established and communicated new effort reporting procedures for OVPR units. The procedures set quarterly effort reporting review expectations and provide an MS Excel template to help OVPR unit administrators and faculty record and monitor reported effort and needed changes.
- Reviewed access rights to CSCAR folders to ensure only appropriate employees have access to reports and sensitive information.
- Compiled a list of policies and procedures that will be developed for OVPR units over time and is currently researching the best means to make policies and procedures available for the units.

[University of Michigan Museum of Art](#)   #2010–201
Original report issued December 17, 2010   Follow–up report issued November 3, 2011

Management has adequately addressed all of the audit recommendations. **The audit is now closed.** The following summaries explain UMMA's updates and improvements for each of the areas noted in the audit report.

- Budget Monitoring – The Museum Director and the Office of the Provost are monitoring UMMA's budget routinely to prevent budget overruns. Monitoring includes review of salary, benefit, and exhibition costs, as well as income received/raised. UMMA's Director of Development is also involved in the budget monitoring process to ensure leadership is in agreement with fundraising goals and expectations and that goals are reasonable. Individual budget managers continue to monitor their budgets on a monthly basis and are expected to explain when significant budget variances occur.

  Effective July 1, 2011, UMMA no longer uses a supplemental system for financial reporting and budget monitoring. Working closely with Information Technology Services and Financial Operations, UMMA changed their account structure to allow for effective use of the University's reporting systems.

- Collections Inventory Management
    - Conditioning Reports – Condition reports are now completed for all objects coming in and out of the Museum. UMMA created checklists to help ensure this process is consistent.
    - Reconciliations – To improve procedures for reconciling UMMA's art collection:
        - UMMA expanded the documented art collection reconciliation procedures to include:
            - the requirement that two individuals conduct all reconciliations and that these individuals sign and date all reconciliations
            - reconciliation procedures for the items that are stored off–site
            - specific steps for how to document each reconciliation and the necessary follow–up that must be performed
        - The Collections Department conducts a monthly inventory of a random selection of 25 to 30 objects. Two people always conduct the monthly inventory together.
        - UMMA conducted an inventory of the top 100 most valued objects in the collection and reported this to Risk Management.
        - UMMA recently completed a full inventory, including the locations where art is stored offsite.

- Museum Store Inventory Management
    - Separation of Duties – Roles for ordering, receiving, and reconciling Museum Store merchandise are now separated. Documented procedures were updated to include the processes for creating a Purchase Order for Store merchandise, receiving merchandise, invoice payment and Statement of Activity reconciliation, physical inventory, and processing/reviewing credit card refunds.

    - Inventory Shrinkage – The software used to track and manage the Store's inventory does not have an automated report that can be used to monitor inventory shrinkage. Instead, to monitor inventory shrinkage, the Administrative Manager now formally reviews the monthly report that is calculated by merchandise vendor and will perform spot inventory reconciliations to confirm potential shortages.

    - Credit Card Refunds – To reduce the risk of inappropriate refunds processed using UMMA's credit card terminals, a higher–level authority who does not have access to the credit card terminals now reviews credit card refund activity for the Store on a quarterly basis. M–Reports is used to complete the review. This process was also added to the Store's documented procedures.

- Fiscal Responsibilities
  - Payroll Process – To ensure the accuracy of time reporting, effective January 2011, approval of self–entry timekeeping is now delegated to immediate supervisors. All supervisors with direct knowledge of actual hours worked review and electronically approve submitted time on a regular basis. The Administrative Manager reviews the Gross Pay Registers for accuracy, then initials and dates them.

  - Statement of Activity Reconciliation – System Access – Procurement roles were evaluated and some user procurement access deleted to ensure proper separation of duties. Since UMMA is now using the University's financial systems for reporting and budget monitoring, they began using eReconciliation for monthly Statement of Activity reconciliations at the start of fiscal year 2012. The Administrative Manager reviews the Admin/Data Security Report from Information Technology Services regularly to ensure that system access is appropriate.

  - Documented Procedures – UMMA has made progress toward documenting key operational processes. Many procedures have been updated and documented, but this is still a work in progress. A few of the procedures that have been documented to date include:
    - Museum Store Procedures
    - Art Collection Reconciliations
    - Museum Security Procedures

Open Audits Follow–up Table
November 30, 2011

Audit Title	Report Date	Issues	Expected Completion
Portable Electronic Devices UMHS 2009–305	8/26/10	Proper use standards; standard configurations; mobile devices policy; access control	First Follow–up September 2011 _____ December 2011
Plant Operations – Facilities Maintenance Building Automation Systems 2010–313	9/08/10	Open ports of monitoring devices; network security; network isolation	First Follow–up April 2011 _____ December 2011
Information and Technology Services Shared Desktop 2010–315	2/28/11	Included software; shared desktop program; disaster recovery plan; Windows ®7 security/configuration design; updates(patch level)	December 2011
CAC and ITS Use of Federal Hardware in the Flux HPC Cluster 2011–810	4/12/11	Transitory oversubscription of federal hardware	First Follow–up June 2011 _____ June 2012
UM–Flint Business Continuity 2011–303	8/12/11	University impact analysis; BCP standards template; business continuity testing; disaster recovery plan	March 2012
UMHS Level 2 Identity Management 2011–306	8/26/11	Password distribution	March 2012
ITS CTools Software Development Processes 2011–808	8/29/11	Documentation; back–ups; Use of wush.net	March 2012
College of Literature, Science, and Arts Information Technology Asset Management 2011–311	7/22/11	Use of the K2 client; firewalling license servers; changing and deleting users; key process areas; project management; disaster recovery and business continuity plans testing; management of copyrighted software; licensing processes; maintenance of access control lists	March 2012
College of Literature, Science, and Arts Research Computing 2010–809	7/26/11	Security plan template; data classification; data storage; centrally provided back–ups; training; anti–virus software; disaster recovery plans; physical security	December 2011
Information and Technology Services eResearch Proposal Management 2010–304	6/27/11	Contractual restrictions on vendor access; "Site Manager" access	December 2011

Information and Technology Services MCommunity Sponsored Accounts 2011–304	11/22/11	Sponsorship administrator roles; improper permissions; monitoring of sponsored accounts; data verification policy; recurring training; policy enforcement	May 2012
Center for Human Growth and Development 2009–206	11/17/09	Security/maintenance of sensitive data; monitoring grant budgets; imprest cash fund management/subject fee payments; disaster recovery/business continuity planning; statement of activity reconciliation/segregation of duties	First Follow–up August 2010 _____ March 2012
Division of Research Development and Administration Export Controls Compliance 2010–402	10/21/10	Training and education; export control identification; technology control plans; information technology controls; technology disposition	First Follow–up June 2011 _____ March 2012
UM–Flint School of Health Professions and Studies 2010–209	1/25/11	Segregation of duties; faculty and staff certifications; privacy and data security; policies and procedures; P–Card controls; conflict of interest and conflict of commitment management; affiliate payment processing	January 2012
University of Michigan–Flint Educational Opportunity Initiatives 2010–201	2/18/11	Strategic oversight and guidance; campus support and collaboration; budget and financial management; staff management; time reporting and payroll; event management; cash handling; business continuity; documentation of policy and procedure	December 2011
Conference Services 2010–102	2/25/11	Contract compliance; department accounting and reporting; billing and payment accuracy; payroll and time reporting; statement of activity reconciliation; background check verification; client management	January 2012
Division of Student Affairs Recreational Sports – Club Sports 2010–816	3/2/11	Sponsored student organizations; guidance; financial management; practice, game, and fitness space; medical support; property	January 2012
University of Michigan Flint Cashier's Office 2011–804	3/22/11	Vault balance; accuracy of cash; petty cash reimbursement; deposit delays; segregation of duties; collection process efficiency; security and access; policies, procedures, and training	December 2011

Office of the Vice President and General Counsel 2010–207	4/22/11	Physical and electronic document security; conflict of interest/conflict of commitment; monitoring matters requiring retention of outside counsel; document management; expense reimbursements; OGC procedures; annual certification and controls assessment	March 2012
Financial Analysis – Management of Asset Data, Space Data, and University Surplus 2010–111	5/10/11	Staff oversight; capital asset inventory management; government–titled assets; asset tagging; data security; outside trucking; sale of goods; physical security of assets; system access/data integrity; space survey submissions; building phase definitions	December 2011
College of Literature, Science, and the Arts Center for Afroamerican and African Studies 2010–820	6/1/11	Cash handling; travel advance procedures; purchasing review; P–Card/Concur process; conflicts of interest; payroll records; CAAS equipment; study abroad program administration; storage of business critical data	December 2011
Emergency Loans in Financial Aid 2010–112	6/7/11	Inconsistent processing; regulatory compliance; policies and procedures;	February 2012
Leased Employees 2011–112	6/7/11	Central process owner; identification of leased employees; U–M guidance; contracts	March 2012
University Unions 2011–814	6/15/11	General control environment; financial monitoring and oversight; purchasing management; human resource management; building renovation and maintenance	March 2012
Financial Considerations for International Activity 2011–101	6/30/11	Coordination of effort; documented policies and procedures; currency exchange; cash purchases; international bank accounts	March 2012
UM–Dearborn Office of the Provost 2011–210	6/30/11	Segregation of duties; timekeeping; policies and procedures; Fairlane Center procedures; collections and exhibitions	March 2012
Service Unit Billing 2011–104	7/26/11	Ownership of SUB process; identifying recharge activity; inactive recharge information; FTP account management; reporting options	March 2012
Department of Geological Sciences Camp Davis Rocky Mountain Field Station 2011–813	7/28/11	Fire safety and inspections; documented policies and procedures; inventory management; documented emergency plans; cash handling; external entities	May 2012

Ross School of Business 2011–202	10/19/11	Budget preparation and review; Ross art collection; institutes and centers – oversight and monitoring; loans to international students; international programs – coordination; verification of Aramark reported data; sub–certification of internal controls; credit card monitoring/guidance; continuity of operations planning; unit assessments	June 2012
School of Dentistry Admissions and Financial Aid 2011–812	10/26/11	Multiple Mini Interviews (MMI); application review; documentation; application fees; spreadsheet controls; need–based aid	June 2012
Intercollegiate Athletics Stephen M. Ross Academic Center 2011–212	11/4/11	Laptop loan programs; attendance tracking	June 2012
Intercollegiate Athletics Complimentary Tickets 2011–110	11/16/11	Documented policy and procedure; monitoring and oversight; recording of complimentary tickets; complimentary parking and access passes; system access and use; compliance monitoring	February 2012
UMHS Professional and Hospital Customer Service Charity Care Policy 2011–107–1	6/21/11	Policy reforms needed due to the Patient Protection and Affordable Care Act (PPACA)	March 2012
UMHS Staff Licensure/Certification/ Registration Policy Review 2011–107–2	6/30/11	Documentation of required certifications; handling of credentialing time extensions; annual review and updating of licensure matrix	March 2012
UMHS Michigan Health Corporation 2011–109	6/30/11	Assess effectiveness of JV compliance programs; standardized management analysis and operational reporting; streamline consolidation accounting; update COI policy; documentation of board deliberative process	June 2012
Michigan Nanotechnology Institute for Medicine and Biological Sciences Fiscal Responsibilities 2012–218	11/22/11	Subcontract payments to NanoBio; conflict of interest disclosures; financial management; safeguarding of assets	June 2012