

***Extrapolating and Reporting
Audit Conclusions
To Senior Management
From Individual Audit Assignments***



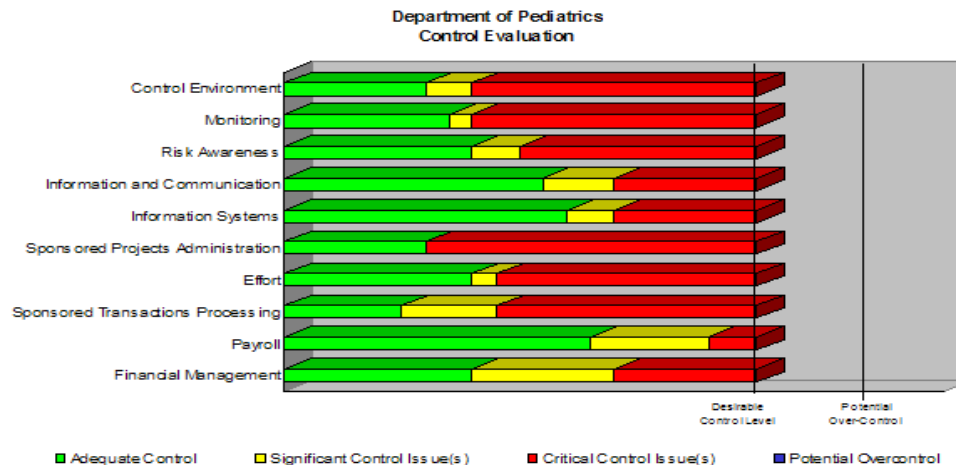
UNIVERSITY OF MINNESOTA

Example of Summary Evaluation In an Audit Report

Many of the errors/issues we identified can be attributed to the lack of administrative support provided to the PIs. Pediatrics is home to several highly productive researchers who personally generate significant external research support. The nature of the problems we identified in sponsored project administration puts these PIs at unnecessary risk, as well as the department and the University as a whole.

Our report also includes several other recommendations that will improve controls in the department. Some of these relate to: controls over external sales, annual reporting of external professional activities, information systems administration, inventory, timeliness and supporting documentation of transactions, communications with other departments, and separation of duties.

The following chart reflects our evaluation of the controls within the Department of Pediatrics.



This report includes the Management Action Plan (MAP) of the Department of Pediatrics. According to the MAP, the department has already initiated corrective action, with full implementation expected by June 2003.

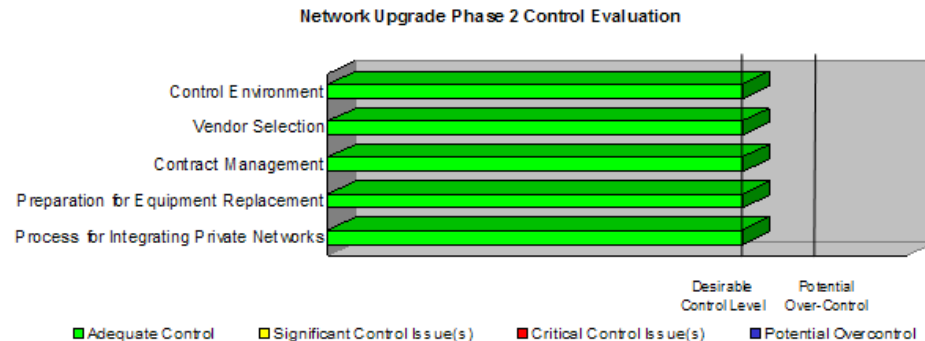
Another Example Of Evaluation In an Audit Report

This report summarizes the results of our second assessment of the University Network Upgrade project. This project is receiving significant audit coverage because of the large financial investment required, the complexity of the replacement effort, and the large impact these systems have on the operations of the Twin Cities and out-state campuses.

The purpose of this second review of the Network Upgrade Project was to assure:

- The vendor selection process was logically consistent and reasonably performed,
- The final contract (s) have reasonable measures to protect the University,
- OIT's audit of the existing network was complete and accurate,
- The processes for prioritization of system cutover is reasonable, and
- Processes are reasonable for integrating private networks that are either converting to the OIT supported portion of the network or private networks.

The following chart illustrates the various areas reviewed during the audit and our assessment of the adequacy and effectiveness of the related controls.



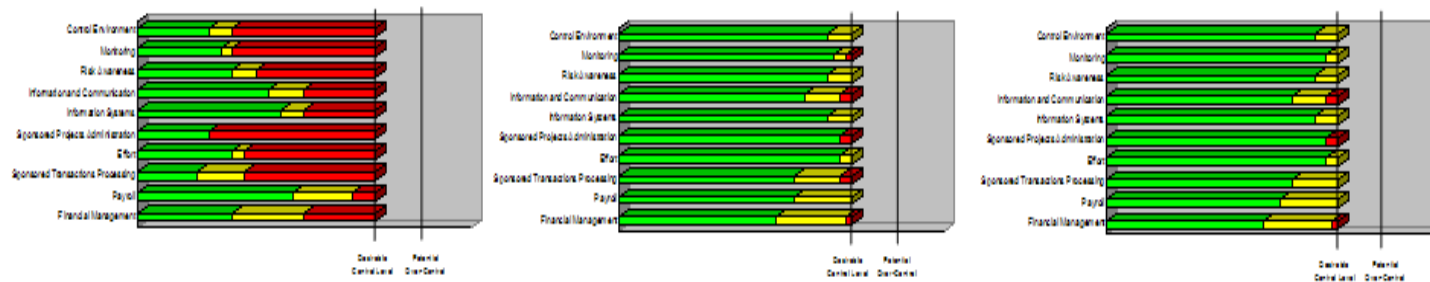
Example of Quarterly Update To The Board of Regents

Original Report Evaluation

Previous Quarter Evaluation

Current Quarter Evaluation

Department of Pediatrics (October 2002)



Objective:

Develop Support For Overall Conclusions On:

- 1. Internal Controls At the U of M***
- 2. Progress Towards A Better
Controlled Institution***



Objective:

Assist Management Preparing to Comply with Sarbanes-Oxley Section 404

Section 404 requires each annual report to contain an "internal control report", which shall:

- 1. State the responsibility of management for establishing and maintaining an adequate internal control structure and procedures for financial reporting; and**
- 2. Contain an assessment, as of the end of the issuer's fiscal year, of the effectiveness of the internal control structure and procedures of the issuer for financial reporting.**



Summary Criteria

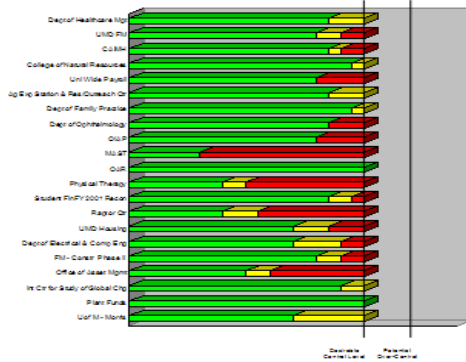
1. *Control Environment*
2. *Monitoring*
3. *Risk Assessment*
4. *Information & Communication*
5. *Information Systems*
6. *Cash Receipts/External Sales*
7. *Sponsored/Effort*
8. *Disbursements/Purchasing /Travel/P-Card*
9. *Payroll/HR*
10. *Financial Management/Budget Management*
11. *Lab Safety/Controlled Substances*
12. *Gifts/Endowments*
13. *Miscellaneous Controls*



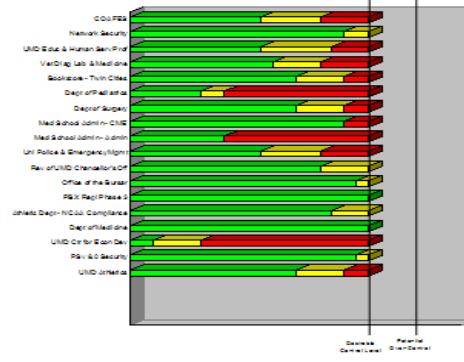
Example of Composite Evaluations Of Overall Organization By Control Criteria

CONTROL ENVIRONMENT

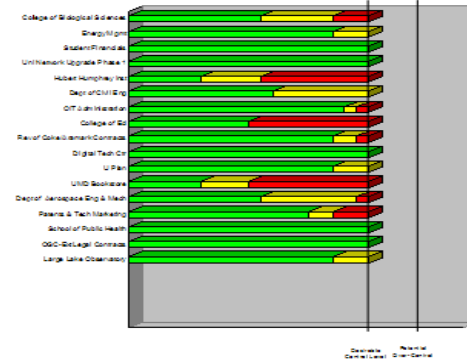
Original- FY 02



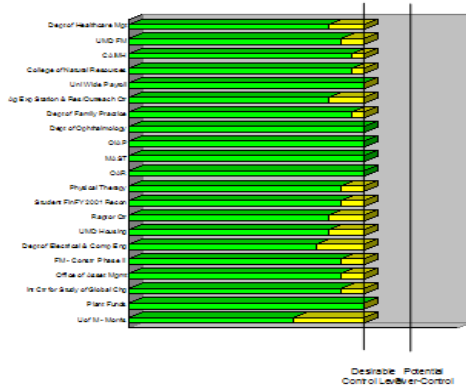
Original- FY 03



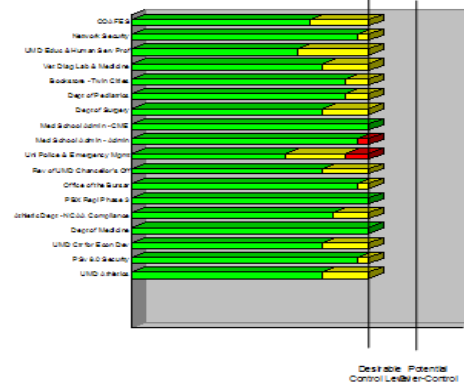
Original- FY 04



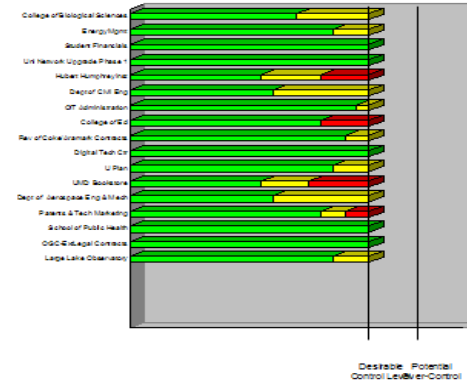
FollowUp - FY 02



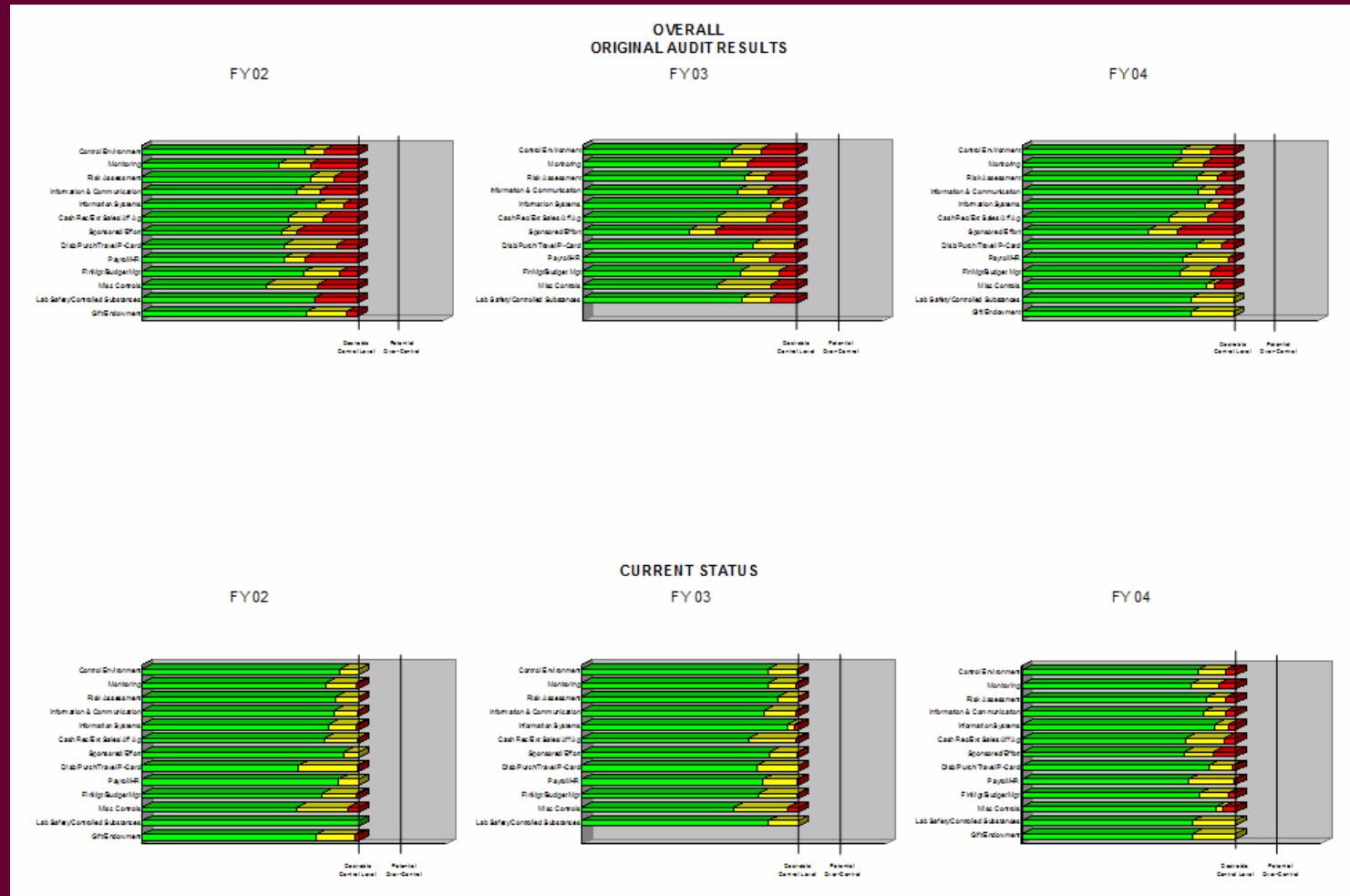
FollowUp - FY 03



FollowUp - FY 04



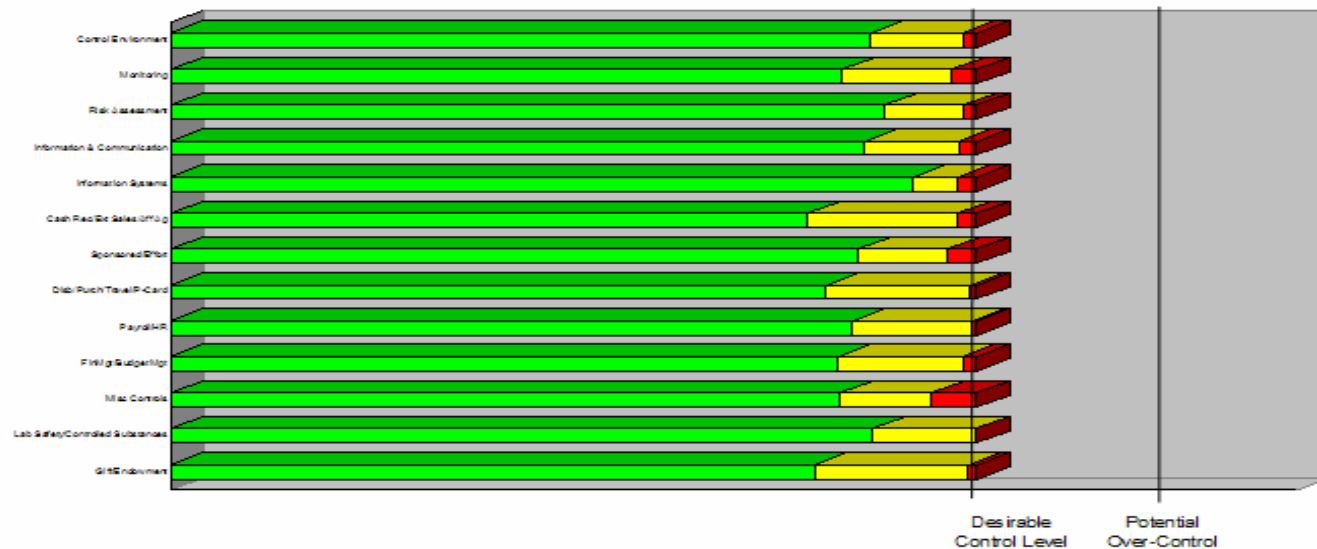
Example of Composite Evaluations Of Overall Organization By Year



Example of Composite Evaluations Of Overall Organization

University of Minnesota Summary By Evaluation Criteria

OVERALL ASSESSMENT
(based on FY 02, 03 & 04 audit results)



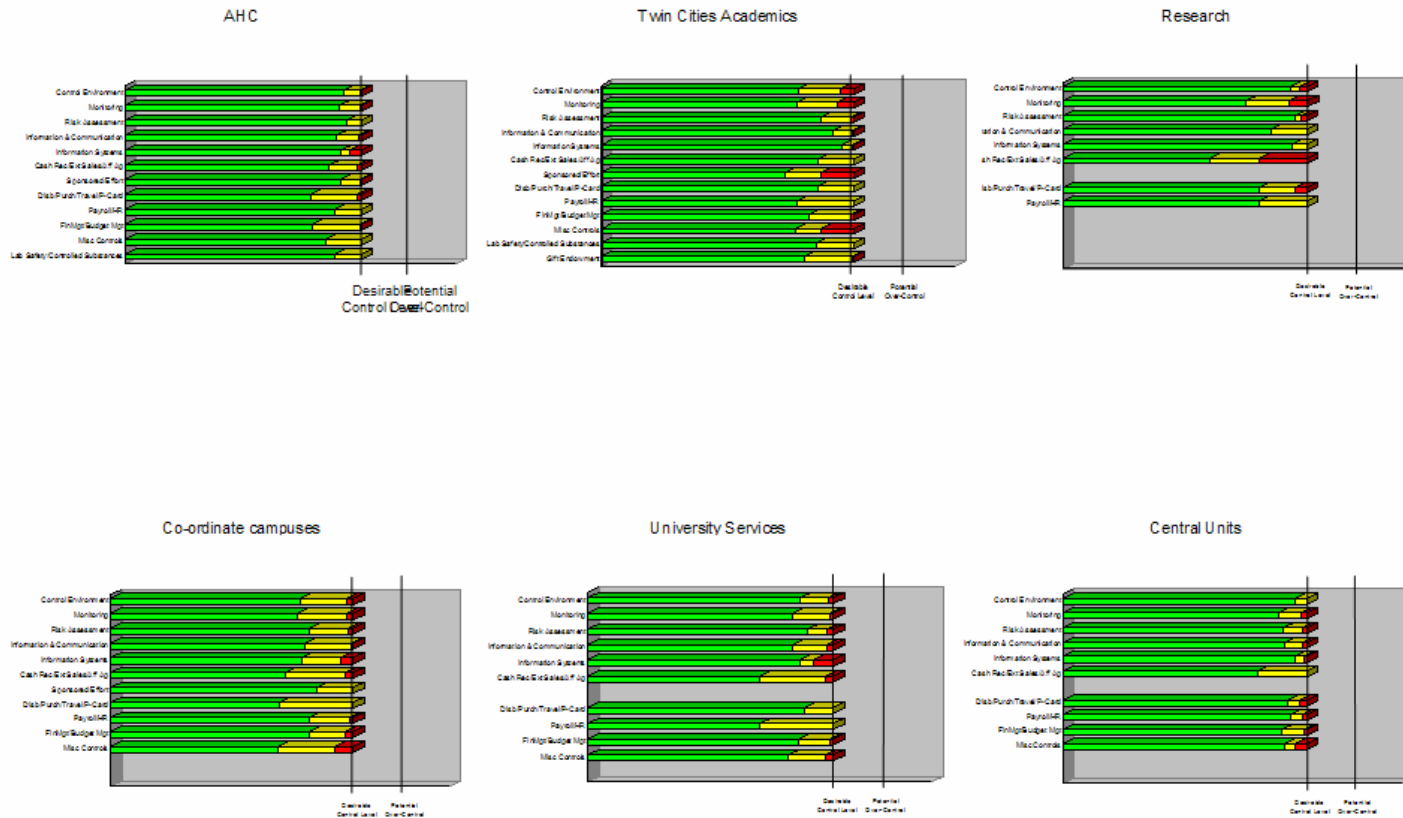
Units Reporting To President

- 1. Academic Health Center*
- 2. Twin City Colleges*
- 3. Coordinate Campuses*
- 4. Athletics*
- 5. Research*
- 6. Central Administration*

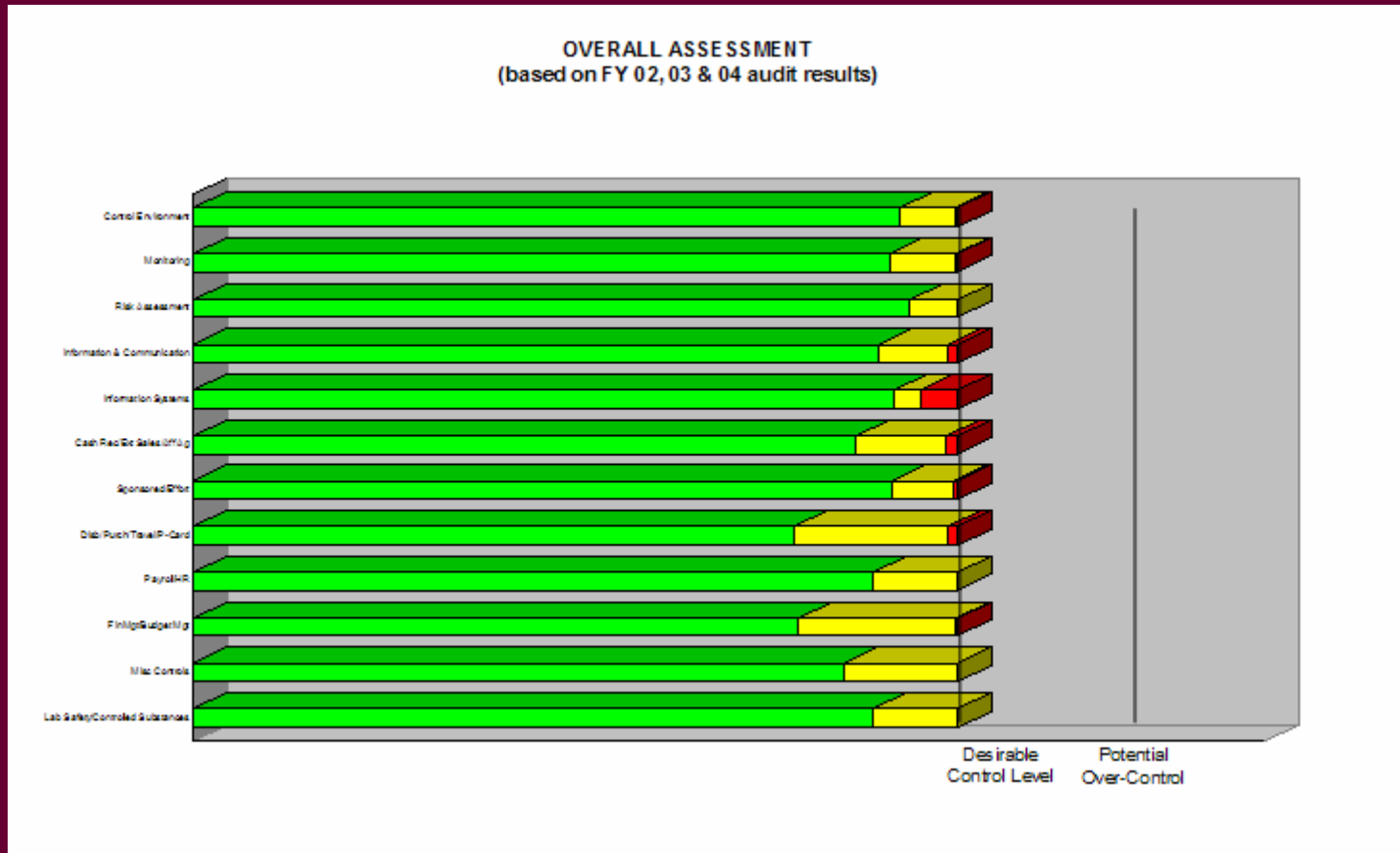


Example of Composite Evaluations Of Overall Organization By Units Reporting To President

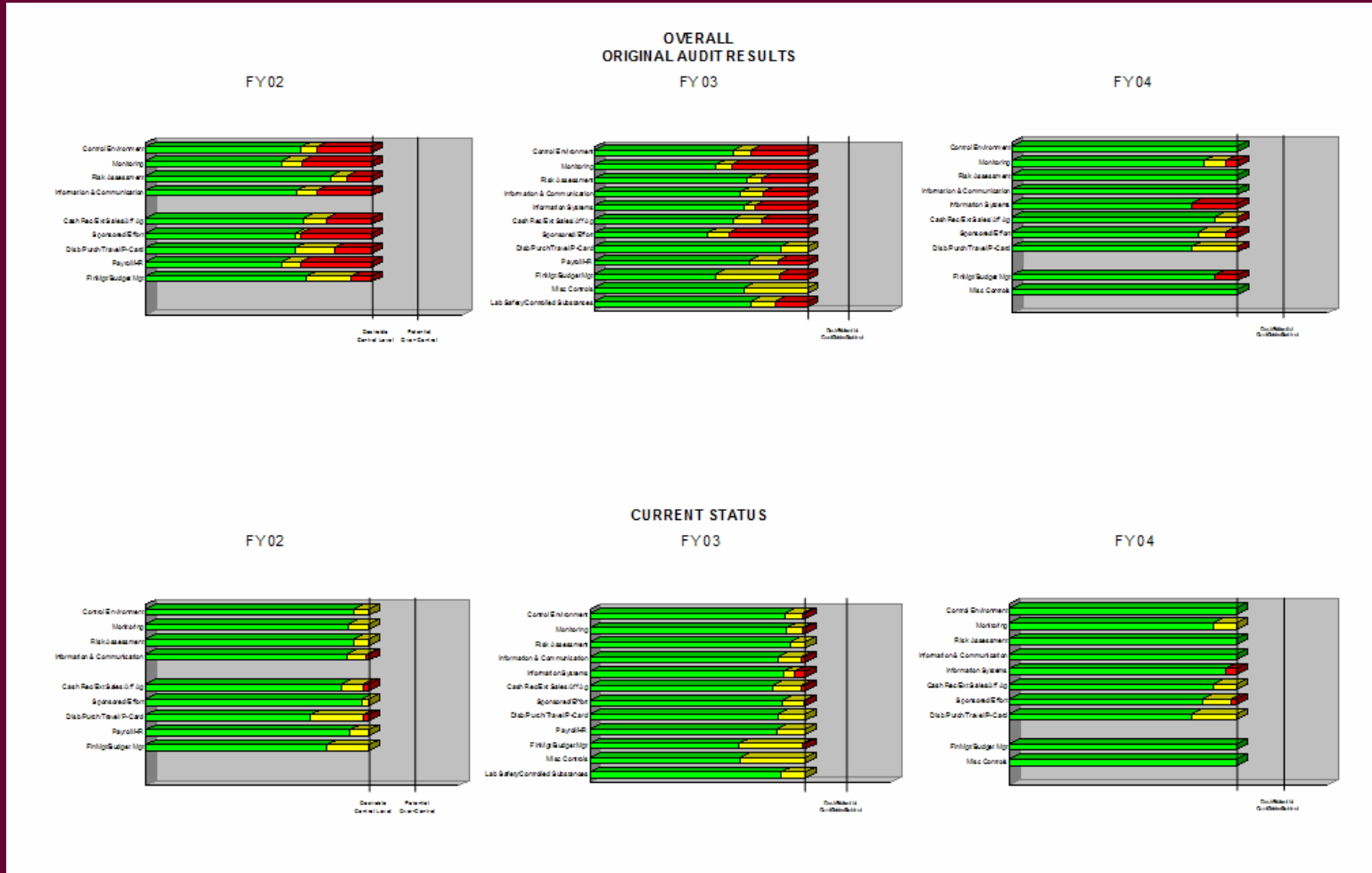
University of Minnesota Summary for Operational Unit - Composite of all units



Example of Composite Evaluations For AHC Which Reports To President



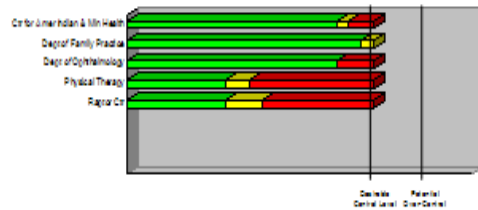
Example of Composite Evaluations For AHC Which Reports To President By Year



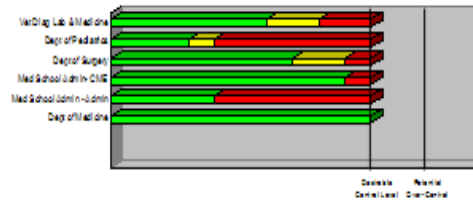
Example of Composite Evaluations For AHC Which Reports To President By Control Criteria

CONTROL ENVIRONMENT

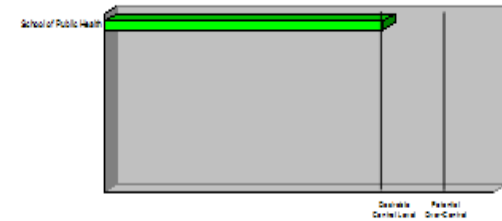
Original-FY02



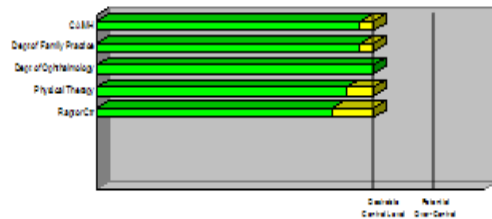
Original-FY03



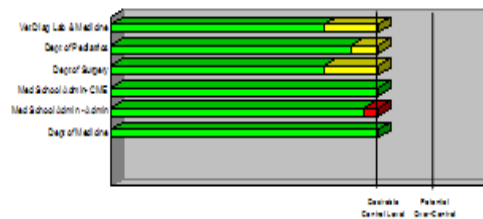
Original-FY04



FollowUp - FY 02



FollowUp - FY 03



FollowUp - FY 04

