Monitoring Report VIII: Asset Protection

I certify that the information contained in this report is true.

Christine M Keller, Executive Director & CEO  
Date 11/26/2019

Note: All data are from November 1, 2018 to October 31, 2019 unless otherwise noted.

Global Policy Language
The Executive Director will not cause or allow Association assets to be unprotected, inadequately maintained or unnecessarily risked.

Interpretation
The interpretations and evidence for Policy A thru Policy I reasonably demonstrate that the Executive Director does not cause or allow Association assets to be unprotected, inadequately maintained or unnecessarily risked.

Evidence
In aggregate, the evidence provided for Policy A thru Policy I in this report demonstrate that the Executive Director has implemented or maintained appropriate and reliable safeguards, standards, processes, and systems to protect and maintain the Association assets – including AIR’s financial capital, human capital, reputation, intellectual property, and material property.

A. Policy Language
The Executive Director will not allow Board members, staff, and the Association itself to be inadequately insured against theft, casualty, and liability losses.

Interpretation 1
AIR will have an annual external review of existing insurance coverage by a certified insurance or risk management professional to verify that AIR is adequately covered against theft, casualty, and liability losses.

Evidence 1
On August 19, 2019, the Executive Director and CFO met with a representative from McGriff Insurance Services and verified that the Association, staff, and Board members are adequately covered against theft, casualty, and liability losses.
Interpretation 2
AIR will continually carry adequate insurance to protect against typical business claims and losses.

Evidence 2
The following insurance policies were in effect throughout the reporting period.
- Workers Compensation
- Commercial Umbrella
- Business Owners:
  - General Liability Insurance
  - Improvements/Betterments/Content Insurance former office space
  - Content Insurance at server farm (discontinued after 6/30/2019, due to implementation of new technology systems)
  - Content Insurance at current office space
  - Content Insurance at rented storage unit
- Employee Dishonesty
- Directors’ and Officers’ Liability Insurance
- Building Insurance at former office space (policy holder is condominium association) for building general liability

B. Policy Language
The Executive Director will not unnecessarily expose the Association, its Board or staff to claims of liability.

Interpretation 1
- Once every two years, the AIR Employee Handbook will be reviewed by a human resource professional to ensure that it does not unnecessarily expose AIR to claims of liability in employment cases.
- AIR will have an annual external review of human resources policies and practices by a human resource professional to minimize the risk of employment liability claims.

Evidence 1
Taken together, the evidence below demonstrates prudent actions to protect the Association from the risk of employment liability claims.
- The AIR Employee Handbook was reviewed by human resource consultant in 2016 and 2017 and a revised version implemented in January of 2018.
- Beginning in October, a new human resource consultant is conducting a full audit and, as part of the audit, exposure to potential claims of liability.
Interpretation 2
Adequate levels of insurance will be maintained to protect the Association, staff, and Board members in the event of a liability claim.

Evidence 2
The insurance policies related to liability were in effect throughout the reporting period.

- Workers Compensation
- Commercial Umbrella
- Business Owners General Liability Insurance
- Employee Dishonesty
- Directors’ and Officers’ Insurance
- Building Insurance at former office space (policy holder is condominium association)

C1. Policy Language
The Executive Director will not make any purchase ... (1) wherein normally prudent protection has not been given against conflict of interest.

Interpretation
- AIR staff and Board members will annually provide a statement of potential conflicts of interest, which will be used to compile a list of high concern vendors and clients, if any.
- Compliance with the executive limitations policies regarding large purchases and/or commitments provide transparency on financial activities and protection against conflict of interest.
- AIR staff will annually sign an acknowledgement of the policies and standards of conduct outlined in the current Employee Handbook – including policies related to conflict of interest such as acceptance of gifts, reward points, confidentiality, and obligating the organization.

Evidence
Taken together, the evidence below demonstrates prudent protection and transparency to guard against conflicts of interest in purchasing.

- All AIR staff signed and/or updated a conflict of interest statement in January 2019 or when hired. AIR board members from the 2018-19 Board and the 2019-20 Board signed and/or updated a conflict of interest statement during Board meetings at the 2018 and/or 2019 Forums. No high concern vendors or clients were identified.
- The Financial Conditions and Activities monitoring reports (Policies F & G) provide transparency in large purchases and prudent protection against conflict of interest.
- All AIR staff, including the Executive Director, signed an acknowledgement of the policies and standards (e.g., acceptance of gifts, reward points, confidentiality, and obligating the organization)
C2. Policy Language

*The Executive Director will not make any purchase ... (2) of over $50,000 without having obtained comparative prices and quality.*

**Interpretation**

Purchases decisions over $50,000 will be supported with evidence of price and value comparisons.

**Evidence**

No purchase decisions for amounts between $50,000 and $99,999 occurred during the reporting period. (Purchases of $100,000 and above are covered in C3 below.)

C3. Policy Language

*The Executive Director will not make any purchase ... (3) of over $100,000 without a stringent method of assuring the balance of long term quality and cost. Orders shall not be split to avoid these criteria.*

**Interpretation**

Purchase decisions for goods or services over $100,000 will include either comparative pricing and valuation or open bidding and will be subject to one or more of the following - on-site inspection, reference checks with prior customers, national benchmarks, ratings of service, and expert advice.

[Note: Per executive limitation F within the Financial Conditions and Activities policy, the Executive Director is obligated to disclose any purchase or commitment of more than $100,000 but less than $250,000 to the Board within seven working days. The Executive Director is prohibited from making purchases or commitments of more than $250,000 by executive limitation G within the same policy.]

**Evidence**

The reporting period included two purchase decisions over $100,000.

1) **AV services/equipment for Forum.** The evaluation and selection process included a request for proposals, price/value comparisons, and direct positive experiences with the vendor at a previous Forum.

2) **2019 employer-provided health insurance contract.** No changes were made to the healthcare options provided to AIR staff in 2019 as compared to 2018. The decision was made after discussion
with an independent insurance broker who monitors insurance pricing and provides pricing and services options during the annual review process.

D. Policy Language

The Executive Director will not allow intellectual property, information and files to be exposed to loss or significant damage.

Interpretation 1
All contracts with subject matter experts to develop content for education services will contain a clear statement about the ownership of intellectual property rights.

Evidence 1
For the development of educational content, AIR uses a template contract signed by all parties and, which states that the content or work performed is “work for hire” (solely owned by AIR) or shared copyright (both parties have ownership rights).

Interpretation 2
All data stored in AIR’s systems will be securely stored and backed-up at least once per day with a 99 percent success rate.

Evidence 2

- From November 2018 to January 2019, AIR’s data was stored on physical servers in Tallahassee. The server failure rate was 0.7% and the back-up success rate was slightly over the 99% threshold at 99.3%.

- With the launch of the new systems in January 2019, all systems are maintained through Software-as-a-Service (SAAS) providers. All SAAS providers back up no less than once a day. All data are stored encrypted and access is controlled via role-based security.

E. Policy Language

The Executive Director will not receive, process, or disburse funds under controls that are insufficient to meet the Board appointed auditor’s standards.

Interpretation
AIR annual audits (OMB A-133 Single Audit and a standard financial audit) will result in auditors’ reports that contain no negative opinion about the representation of financial position, and no matters that necessitate reporting under the Government Auditing Standards Board (GASB) auditing requirements.
Evidence
The Report of Independent Auditors issued by Thomas Howell Ferguson, PA on May 29, 2019, to the AIR Board of Directors states the following.

- “The financial statements present fairly, in all material respects, the financial position of the Association for Institutional Research, Inc. as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.” (p. 2)

- “The schedule of expenditures of federal awards and the schedule of findings and questioned costs relating to federal awards are fairly stated, in all material respects, in relation to the financial statements as a whole.” (p. 2)

F. Policy Language
The Executive Director will not compromise the independence of the Board’s audit or other external monitoring or advice. Engaging parties already chosen by the Board as consultants or advisers is unacceptable.

Interpretation 1
The annual audit reports will include a positive evaluation of the support of the Executive Office in the production of the audit, following the standards for independence that are normal and usual in financial audits.

Evidence1
The independent auditor’s Report to Those Charged with Governance issued by Thomas Howell Ferguson, PA on May 21, 2019, states “We did not encounter any significant difficulties in dealing with management during the audit. We received full cooperation and appreciate the assistance provided by the Association’s financial and accounting personnel.”

Interpretation 2
The Executive Office will issue no additional payments or contracts to the Board’s selected auditor beyond the Board-authorized engagement.

Evidence2
The Executive Office did not engage the Board-selected auditor of Thomas Howell Ferguson, PA for any services beyond the board authorized engagement.

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1 Financial Statements and Other Financial Information, Association for Institutional Research (2018)
Interpretation 3
The Executive Office will issue no contracts or payments to organizations or individuals selected by the Board to conduct independent evaluations of the Association and/or Executive Office staff.

Evidence 3
The Executive Office did not contract with or pay any organizations or individuals hired by the Board for evaluation.

G. Policy Language
*The Executive Director will not invest or hold operating capital in insecure instruments, including uninsured checking accounts and bonds of less than A- rating at any time, or in non-interest-bearing accounts except where necessary to facilitate ease in operational transactions.*

Interpretation 1
- AIR’s checking account will be fully secured through FDIC insurance, which is limited to $250,000 per bank.
- AIR’s money market account will be fully secured through FDIC insurance, which is limited to $250,000 per bank.

Evidence 1
- AIR uses a “sweep account” to adjust the checking account balance so that funds are under $250,000 at the close of each business day. This ensures that the account is fully insured.
- The balance of the money market account was below the $250,000 threshold throughout the reporting period.

Interpretation 2
The “sweep account” used to adjust the checking account will be fully insured by U.S. Treasury Funds that meet the A- rating.

Evidence 2
The “sweep account” funds were invested in a U.S. Treasury Fund rated A- or better throughout the reporting period.

H. Policy Language
*The Executive Director will not endanger the organization’s public image, credibility, or its ability to accomplish Ends.*
Interpretation

The Executive Director will ensure the following.

- Contract deliverables will be met for the RTI subcontract.
- Deliverables will be met for externally funded projects.
- There will be no credible allegations that AIR engaged in criminal activity.
- There will be no credible legal actions against AIR for breach of contract.
- There will be no actions by any governmental agency that limits AIR’s activities as a recognized 501(c)3 non-profit educational association.

Evidence

Taken together, the evidence below demonstrates that AIR’s public image, credibility, and its ability to accomplish the Association’s Ends were not compromised during the reporting period.

- The deliverables within the RTI subcontract for a comprehensive set of IPEDS training activities were achieved during the most recent reporting period (August 2018 to July 2019).
- The deliverables were achieved for three externally funded projects during the reporting period: (1) a background paper on strategic IR capacity integration for Frontier Set (Gates Foundation), (2) refinement of Institutional Transformation Assessment rubric (Gates Foundation), and (3) AccessLex/AIR Dissertation and Research Fellows Program.
- No credible allegations of criminal activity occurred during the reporting period.
- No credible legal action for breach of contract occurred during the reporting period.
- No actions were taken by any governmental agency that curtails AIR’s activities or endangers AIR’s position as a recognized 501(c)3 non-profit educational association.

I. Policy Language

The Executive Director will not change the organization’s name or substantially alter its identity in the community.

Interpretation

- The Association’s legal and recognized name – the Association for Institutional Research, or AIR – will continue to be used.
- The Executive Office will develop and implement a plan for an updated professional and coherent identity for the Association.
Rationale
While changes to the Association’s name or radical alterations to the Association’s identity are prohibited by this policy, it is important that AIR’s marketing and communication strategies reflect changes in the field of institutional research and the increased use of data and analytics within higher education. To accomplish the recently updated Ends – the empowerment of higher education professionals to use data and analytics to make decisions and take actions for the benefit of students and institutions – AIR must gain increased visibility, and its messaging and brand must reach individuals with a larger variety of roles and responsibilities than in the past.

Evidence
- No changes to the use of the Association’s name occurred during the reporting period.
- An updated and comprehensive marketing plan – including a more consistent and refreshed brand and logo – was developed for AIR during the reporting period. The plan will be finalized and rolled out in early spring of 2020.