For purposes of this reporting period, the following key compliance risk areas will be assessed.

<table>
<thead>
<tr>
<th>Compliance Risk Areas</th>
<th>Related Governing Laws, Rules, Regulations, or University Policies</th>
</tr>
</thead>
</table>
| A. Purchasing activities conducted in a manner that promotes integrity | - Minnesota Statute 15.43, Acceptance of Advantage by State Employee  
- Board of Regents Policy: Purchasing (Guiding Principle (b)) |
| B. Vendor selections shall be based on using an objective process and may be based on total benefits to the University, considering price, level of service, and other variables as appropriate. | - Board of Regents Policy: Purchasing (Section II Subd 2, Vendor Selection) |
| C. Exceptions to Competitive Process                      | - Board of Regents Policy: Purchasing (Section II Subd 4, Exceptions to Competitive Process) |
| D. Supplier authorization                                 | - Administrative Policy: Accounts Payable: Paying Non-Payroll Expenses  
- Administrative Procedure: Requesting a New Supplier or Changing an Existing Supplier |
| E. Independent contractor                                  | - Administrative Policy: Accounts Payable: Paying Non-Payroll Expenses  
- Administrative Procedure: Requesting a New Supplier or Changing an Existing Supplier |
| F. Separation of Duties                                    | - Administrative Policy: Purchasing Goods and Services |

**Cost of Compliance Measurement Questions**

1. How many full-time employees (FTEs) are dedicated to compliance-related activities in this area?
2. What is spent annually, on average, to perform the compliance-related activities conducted by this unit? Please include only those items that require the purchase or goods or services from an outside entity such as outside consulting services, equipment purchases, non-routine supplies, or fees.
3. Please list all training required to maintain University compliance in this subject area. For each training requirement:
   a. Identify the primary source of the requirement as (1) federal or state law, (2) administrative regulations, or (3) University policy. (e.g., Conflict of Interest training is required under federal code of federal regulations for investigators conducting research funded by a Public health Service agency)
   b. Identify category (ies) of employees (e.g., faculty, P&A, etc.) required to take the training.
   c. Estimate the number of employees in each category required to take the training.
   d. Identify the frequency (e.g., quarterly, annually) and the length of the training (e.g., 1.5 hours).

4. Estimate the number of employees system-wide who are subject to the compliance requirements in this area.

5. Excluding time required to meet training requirements addressed in Question 3 above, please estimate the time required annually for these employees to comply with other compliance requirements (e.g., record keeping, monitoring, testing, reporting).

General compliance question(s)
1. Are there emerging risks in this area? Is yes, please explain.
2. Estimate the number of allegations of misconduct (violation of law, rule, regulation or University policy) that are received annually related to non-compliance with Purchasing related policies or procedures, excluding those allegations filed through the UReport system.

A. Purchasing activities conducted in a manner that promotes integrity
   1. Identify all purchasing training modules that educate the employee about the provisions of Minnesota Statute 15.43.
   2. Code of Ethics
      a. What is the purpose of the Code of Ethics certification?
      b. Is the Code of Ethics certification augmented by training?
      c. Any person “responsible for any portion of the purchasing process” should have a signed copy of the code on file in the department.
         1. Where does the “purchasing process” begin and end/how broad is this standard? For example, can it include faculty?
         2. How does central purchasing ensure consistent application of this requirement throughout the University?
      d. How and when are the annual certifications completed?
      e. What is the compliance rate of annual certification in central purchasing?
      f. What is the compliance rate of annual certification in departments throughout the University?
g. Is there a written process for addressing matters of non-compliance with the annual certifications?

B. **Vendor selections shall be based on using an objective process and may be based on total benefits to the University, considering price, level of service, and other variables as appropriate.**
   1. Does the University have a list of criteria/variables that can be used for vendor selection?
   2. Does Purchasing Services maintain “past performance” information on vendors?

C. **Exceptions to Competitive Process**
   1. How many requests for exceptions were disapproved in FY17?
   2. Does any basis for justification, such as category A4, receive more scrutiny? If so, please describe the additional scrutiny.
   3. Provide the UM 1721 “Department Request for Exception to Board of Regents Policy” for each of the exceptions listed in the attached “Competition Exception A4” document.

D. **Supplier Authorization**
   1. Describe the process for authorizing a supplier.
      a. What information does the University require from the supplier?
      b. Does the University seek information about the supplier from third parties as part of the authorization process?
   2. How many supplier authorization forms for University employees were received in FY 2017?
   3. Can a two person LLC owned by a University employee receive authorization as a supplier?

E. **Independent Contractor (Authorization Form, UM 1650)**
   1. How many “employer/employee” determinations were made in FY 2017? What happens in such cases?
   2. How many independent contractor determinations were made for employees in FY 2017?

F. **Separation of Duties**
   1. What is the process for monitoring separation of duties?
   2. What is the compliance rate for the separation of duties standard in Administrative Policy: *Purchasing Goods and Services*?