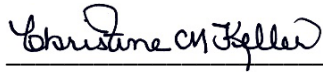


Monitoring Report VII: Asset Protection

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



Christine M Keller, Executive Director & CEO

11/30/2022

Date

Note: Data are from November 1, 2021 to October 31, 2022 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

During the reporting period, the firm of Brown & Brown reviewed AIR’s business insurance coverage and determined that AIR is adequately insured 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
- Cyber Liability Policy
- Business Owners:
 - General Liability Insurance
 - Improvements/Betterments/Content Insurance at 1435 Piedmont Dr
 - Content Insurance at rented storage unit
 - Content Insurance at rented storage unit
- Employee Dishonesty
- Directors' and Officers' Liability Insurance
- Building Insurance at 1435 Piedmont Dr (policy holder is condominium association)¹ for building and for general liability

B. Policy Language

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

Interpretation 1

- 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.
- 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. (*See also interpretation for Policy III-A. Treatment of Staff.*)

Evidence 1

Taken together, the evidence below demonstrates prudent actions to protect the Association from the risk of employment liability claims.

- AIR's HR consultant, Linda Barineau H R Solutions, LLC conducted an audit in mid-2021, which included a review of employment recordkeeping, personnel files, operational policies, practices and processes, compliance, the employee handbook, and general best practices. No significant exposures to liability claims were identified. The 2022 HR Audit is underway as of November 2022.
- In addition to an annual review as part of the HR audit, the AIR Employee Handbook is updated as

¹ The Piedmont property was sold on October 27, 2022. The building insurance is in the process of being cancelled and it will not appear in the 2023 asset protection monitoring report.

needed to reflect changes in HR good practices, state/federal regulations, and changes in circumstances at AIR. For example, in 2022, the handbook was updated to include language around hiring practices such as signing bonuses and equipment for remote work.

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 1435 Piedmont Dr (policy holder is condominium association²) for general liability.

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 will 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, including the Executive Director, signed and/or updated a conflict-of-interest statement in January 2022. AIR board members from the 2021-22 Board and the 2022-23 Board signed and/or updated a conflict-of-interest statement in May/June of 2021 and May/June of 2022. No high concern

^{2 2} The Piedmont property was sold on October 27, 2022. The building insurance is in the process of being cancelled and it will not appear in the 2023 asset protection monitoring report.

vendors or clients were identified.

- The [Financial Conditions and Activities monitoring reports](#) (EL V - policies E & F) provide transparency in large purchases and prudent protection against conflict of interest.

EL V. The Executive Director will not

E. Make a single purchase or commitment of greater than \$100,000 without notifying the Board within seven days. Splitting orders to avoid this limit is not acceptable.

F. Make a single purchase or commitment of greater than \$250,000. Splitting orders to avoid this limit is not acceptable.

- 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) outlined in the Employee Handbook in January 2022.

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 purchases decisions between \$50,000 and \$99,000 were made during the reporting period. (Purchases of \$100,000 and greater are covered in C3.)

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 evaluated based on previous experiences with vendor, on-site inspection, reference checks with prior customers, national benchmarks, ratings of service, and/or expert advice.

Evidence

A purchase decision of \$100,000 or more was made in March 2022 for audio visual services for the 2022 AIR Forum. The company chosen was AVmedia. The decision was made after reaching out to four companies for competitive bids. Two of the companies responded with bids and AVmedia was chosen based on previous experience with their services – they have exceeded our expectations and provided consistently high-quality services, including the switch to virtual during the pandemic. AV media also has historical knowledge of Forum program and a competitive price.

The contract was signed on May 2, 2022, and notice was provided to the Board on that day per executive limitation F within the Financial Conditions and Activities policy, which states that 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.

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 within AIR’s systems will be securely stored and backed up at least once per day with appropriate attention to redundancy and durability.
- Cyber liability insurance coverage will help to mitigate the cost of cyber threats or breaches involving computer systems and data.

Evidence 2

- AIR’s management and financial systems are maintained through Software-as-a-Service (SAAS) providers. All SAAS providers back up no less than once a day, and database transactions can be restored to the point of failure. All data are stored in secure locations, with multiple redundancies, 24/7 monitoring, and backup/restoration processes tested regularly.

- Cyber liability insurance was purchased in 2022 to provide an extra layer of protection against hackers, ransom attacks, and data breaches. The liability coverage will also help the association recover after any data breach and mitigate the costs of business disruption, revenue loss, equipment damages, legal fees, and costs associated with legally mandated notifications.

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 Auditors³ issued by Thomas Howell Ferguson, PA on May 11, 2022, to the AIR Board of Directors states the following.

- “In our opinion, the accompanying financial statements ... present fairly, in all material respects, the financial position of the Association for Institutional Research, Inc. as of December 31, 2021 and 2020, 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. 1)
- “In our opinion, 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. 3)

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.

³ [1221 Issued Financial Statements](#), Thomas Howell Ferguson, Association for Institutional Research

Evidence 1

The independent auditor's *Report to Those Charged with Governance*⁴ issued by Thomas Howell Ferguson, PA on May 11, 2022, 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." (p. 4)

Interpretation 2

The Executive Office will issue no additional payments or contracts to the Board's selected auditor beyond the Board-authorized engagement (includes the annual audit and the preparation of the 990 form).

Evidence 2

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

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.

Evidence 1

AIR uses a money market "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.

⁴ [1221 Issued Report to Those Charged with Governance](#), Thomas Howell Ferguson, Association for Institutional Research

Interpretation 2

- The money market “sweep account” will be an interest-bearing account.
- The money market “sweep account” used to adjust the checking account balance will be fully insured by U.S. Treasury Funds that meet the A- rating.

Evidence 2

- The money market “sweep account” is pegged off a basket of short-term treasury bonds. The rate of return varies and because of its high level of liquidity its rate of return is well below 1%.
- The money market “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.
- Scheduled 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 2021 to July 2022).
- Key deliverables for externally funded projects were achieved during the reporting period:
 - 1) [Online tutorials](#) for the National Student Clearinghouse Postsecondary Data Partnership (PDP) as part of a contract with NSC.
 - 2) A selection of resources for PDP implementation and training are available in the [PDP Training Center](#), funded through a grant from the Gates Foundation.
 - 3) A second cohort of five institutions began the Data Literacy Institute, funded by Ascendium and administered through a contract with the Association of Public and Land-grant Universities.

- The first cohort successfully completed in May 2022, with 78% of the participants indicating they would recommend the Data Literacy Institute to a colleague.
- 4) A landscape analysis on institutional health metrics was provided to UNCF (United Negro College Fund), funded through a contract with the Rockefeller Philanthropy Advisors within the Gates ecosystem.
 - 5) A cohort of AIHEC (American Indian Higher Education Consortium) colleges completed the Holistic IR course, funded through a contract with the Rockefeller Philanthropy Advisors within the Gates ecosystem.
 - 6) A model for designing and delivering data capacity services within the Gates ecosystem was developed and submitted to the Gates Foundation. The work was funded by a grant from the Gates Foundation.
- 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 maintain a relevant, contemporary, and coherent brand identity for the Association.

Evidence

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 are modern, effective, visible, and reflect changes within the profession and in higher education.

- 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 implemented in early spring of 2020 and continue to be used as the foundational elements for Association products and services, both new and continuing.