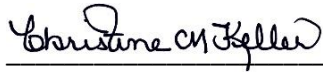


Monitoring Report VII: Asset Protection

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



Christine M Keller, Executive Director & CEO

11/26/2024

Date

Note: Data are from November 1, 2023 to October 31, 2024 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, AIR discussed AIR's business insurance coverage with the insurance brokers at Brown and Brown and added a professional liability policy in October to cover the consulting services, including the work of the external contractors hired by AIR.

Interpretation 2

AIR will continually carry adequate insurance to protect against typical business claims and losses.

Evidence 2

(Note: Potentially sensitive information in red font will be removed after the monitoring report is approved and before it is publicly posted.)

- A. The following insurance policies were in effect during the reporting period - November 1, 2023 to October 31, 2024:
- Workers Compensation - **\$1,000,000 limit**
 - Cyber Liability Policy - **\$1,000,000 limit**
 - Commercial General Liability Insurance (includes employment practices liability, injury, property, and employee benefits) - **\$2,000,000 limit**
- B. The following policy was added on October 1, 2024:
- Professional Liability - **\$1,000,000 limit.**
- C. (OUT OF COMPLIANCE) The following policy was in effect from December 15, 2023 to October 31, 2024.
- Commercial Umbrella Policy (includes general liability, automobile liability, and employers liability) - **\$1,000,000.**

ACTIONS TAKEN: As reported to the 2023-24 Board in December 2023, an internal review revealed that the commercial umbrella policy had lapsed during the period of October 1, 2023 to December 14, 2023. The policy was reinstated on December 15, 2023. To prevent the situation from occurring in the future, steps were taken to tighten our internal controls and all commercial insurance policies now renew on the same date. Over the past year, we've also met with the senior leadership at our insurance broker, have been assigned a new account manager at our request, and are scheduled to meet on a regular cadence.

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.
- At least 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 2023, 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 2024 audit is underway and will be completed by year end.
- In addition to an annual review as part of the HR audit, the AIR Employee Handbook is updated as needed to reflect changes in HR good practices, state/federal regulations, and changes in circumstances at AIR. For example, the leave policies were updated and clarified in 2023 and a new "sick leave pool" was added in 2024. Plans are underway for a more extensive audit of the Employee Handbook in the next 6-9 months.

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

(Note: Potentially sensitive information in red font will be removed after the monitoring report is approved and before it is publicly posted.)

- D. The following insurance policies were in effect during the reporting period - November 1, 2023 to October 31, 2024:
- Workers Compensation - **\$1,000,000 limit**
 - Commercial General Liability Insurance (includes employment practices liability, injury, property, and employee benefits) - **\$2,000,000 limit**
- E. The following policy was added on October 1, 2024:
- Professional Liability - **\$1,000,000 limit.**
- F. (OUT OF COMPLIANCE) The following policy was in effect from December 15, 2023 to October 31, 2024.
- Commercial Umbrella Policy (includes general liability, automobile liability, and employers liability) - **\$1,000,000.**

ACTIONS TAKEN: As reported to the 2023-24 Board in December 2023, an internal review revealed that the commercial umbrella policy had lapsed during the period of October 1, 2023 to December 14, 2023. The policy was reinstated on December 15, 2023. To prevent the situation from occurring in the future, steps were taken to tighten internal controls and all commercial insurance policies now renew on the same date. Over the past year, we've also met with the senior leadership at our insurance broker, have been assigned a new account manager at our request, and are scheduled to meet on a regular cadence.

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 2024. AIR board members from the 2023-24 Board and the 2024-25 Board signed and/or updated a conflict-of-interest statement in May/June of 2023 and May/June of 2024. No high concern vendors or clients were identified.
- The quarterly [Financial Conditions and Activities monitoring reports](#) (EL V - policies F & G) provide transparency in large purchases and prudent protection against conflict of interest.

EL V. The Executive Director will not

F. 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.

G. 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 2024.

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 decision between \$50,000 and \$100,000 was made during the reporting period.

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

One purchase decision over \$100,000 was made during the reporting period. A decision was made in February 2024 for the selection of audio-visual services for the 2024 Forum at a cost of \$123,492 plus an additional \$68,870 for union labor. The selection of AV Media was made after a competitive RFP process during which we received four bids. AV Media was not the lowest bidder; however, they have been our AV vendor of choice for several years and to maintain our business they significantly discounted their price. They continue to be reliable and demonstrate a high level of professionalism and customer service, which is critical for a large, high visibility event such as the Forum.

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 are tested regularly.
- Cyber liability insurance provides an extra layer of protection against hackers, ransom attacks, and data breaches. The **\$1,000,000** of liability coverage would help the association recover after a 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 Auditors¹ issued by Thomas Howell Ferguson, PA on May 28, 2024, 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, 2023 and 2022, 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.

¹ [1223 Issued Financial Statements](#), Thomas Howell Ferguson, Association for Institutional Research

Evidence 1

The independent auditor's *Report to Those Charged with Governance* issued by Thomas Howell Ferguson, PA on May 28, 2024, states the following.

- "We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit or significant disclosures to be included in the financial statements." (p. 3)
- "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. 3)
- "No significant issues arising from the audit were discussed or were the subject of correspondence with management." (p. 3)

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, which holds the association's operating capital, 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.

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 averaged around 4 percent in the reporting period.
- 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 and grant deliverables will be fulfilled.
- 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 (November 2023 to October 2024). A selection of resources and training for PDP implementation and training are included in the [PDP Training Center](#), as specified by a multi-year 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.
- The Association's identity within the community will be consistent with the vision and Ends policies set by the Board of Directors

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. It is also critical that AIR's perception in the community is consistent with its mission to empower higher education professionals to use data, information, and analytics in ways that are effective, ethical, and equitable.

- No changes to the use of the Association's name occurred during the reporting period.
- AIR's brand and logo continue to be used as the consistent, foundational elements for Association products and services, both new and continuing. For example, it provides the basis for the Forum logo and branding each year as well the mark for the National Survey of IR Offices.
- Over 90% of the respondents to the [2022 AIR Stakeholder Survey](#) reported that they were AIR members because of the access to continuing education/profession development and best practices in the field. Over 80% of respondents cited accessing specialized or current information and networking with others in the field as reasons for their membership in AIR. Each of these reasons given by the community for engaging with AIR is consistent with AIR's mission/vision to empower individuals to use data for better decisions.